



# Creative approaches to utility payment assistance programs

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# Agenda



1. The affordability challenge
2. Our research on payment assistance approaches:
  - Crowdfunding
  - Payment stability plans/level pay
  - Budget billing
  - Prepay
  - Arrearage management/debt forgiveness plans
  - Percent of income payment programs
  - Bill discount rates
  - Other emerging strategies
3. Discussion on sharing and benchmarking these strategies

A nighttime aerial view of a city with illuminated buildings and a complex highway interchange. The top of the image is a dark blue gradient.

# The affordability challenge

# Mission and challenge statement



The Low Income Energy Issues Forum's mission is to conduct research on utility bill affordability, share information, and identify solutions among a diverse group of professionals.

Created in 2013, we adopted this challenge statement:

***Propose innovative and integrated policies and approaches that help close the widening gap between what vulnerable energy consumers can pay and their current utility bills***

LIEIF is a unique group of professionals focused on energy affordability. The members work for utilities (both municipal and investor-owned); state regulatory agencies; social service agencies; research institutes; consumer organizations; national associations and other nonprofit organizations; and creative, analytical, and software businesses.

# The challenge



***Utility bill affordability is an ongoing and pressing issue.***

***We must lower the energy burden, get people out of debt, and keep them out of debt.***

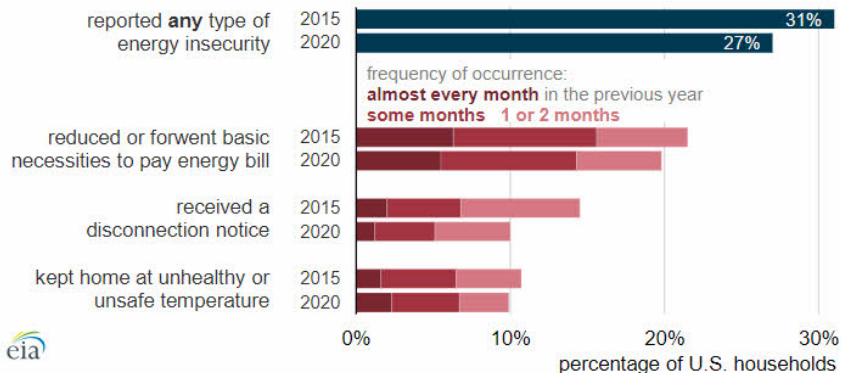
***We must establish policies and practices—and offer innovative price options, payment choices, programs, and services—that best serve the needs of struggling households.***

- ***What are the “quick wins” and practical solutions from the utility’s perspective?***
- ***Which new options will help consumers manage costs, stay out of debt, and satisfy household preferences?***

# Energy insecurity



U.S. household energy insecurity measures (2015 and 2020)



Source: [Residential Energy Consumption Survey](#), US Energy Information Administration

- “More than 60% of low-income households in the U.S. face a high energy burden, with some paying more than 20% of their income on utility bills.”
- “High energy burdens can lead households to make sacrifices: 27% of all households reported some sort of energy insecurity, leading them to forego other necessities to pay an energy bill or to maintain their home at an unsafe temperature.”

—[Energy Efficiency Impact Report](#), ACEEE

# Utility affordability solution challenges



- Many utility departments and divisions serve low-income consumers
- We've identified numerous relevant clusters of service
- Consumers experience only one service: **utility service**
- Integration of programs and services is challenging
- Many policies and practices affect many services

- Millions of eligible households aren't receiving any assistance, and most states have less than 20% participation in LIHEAP.
- Just 20 states currently allow discount rates to alleviate energy burdens for low-income customers.  
—[A Severe Winter Means High Energy Bills](#), RMI
- Demand-side management (DSM) programs for LMI customers are reaching just a small fraction (5%) of households that need assistance.  
—[Meeting the Challenge: A Review of Energy Efficiency Program Offerings for Low-Income Households](#), ACEEE



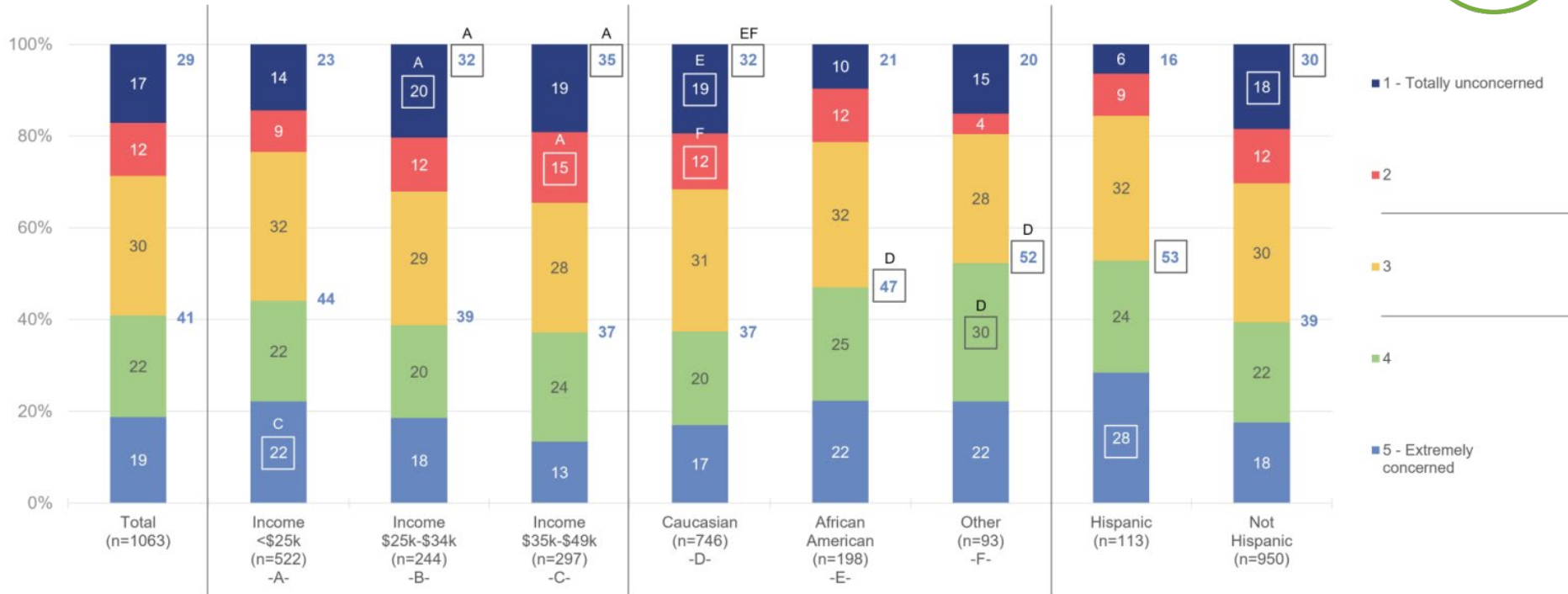
# Trouble paying electric/heating bills



© E Source. **Base:** Total respondents. **Question\_H6:** Do you have trouble paying your electric or heating bills?

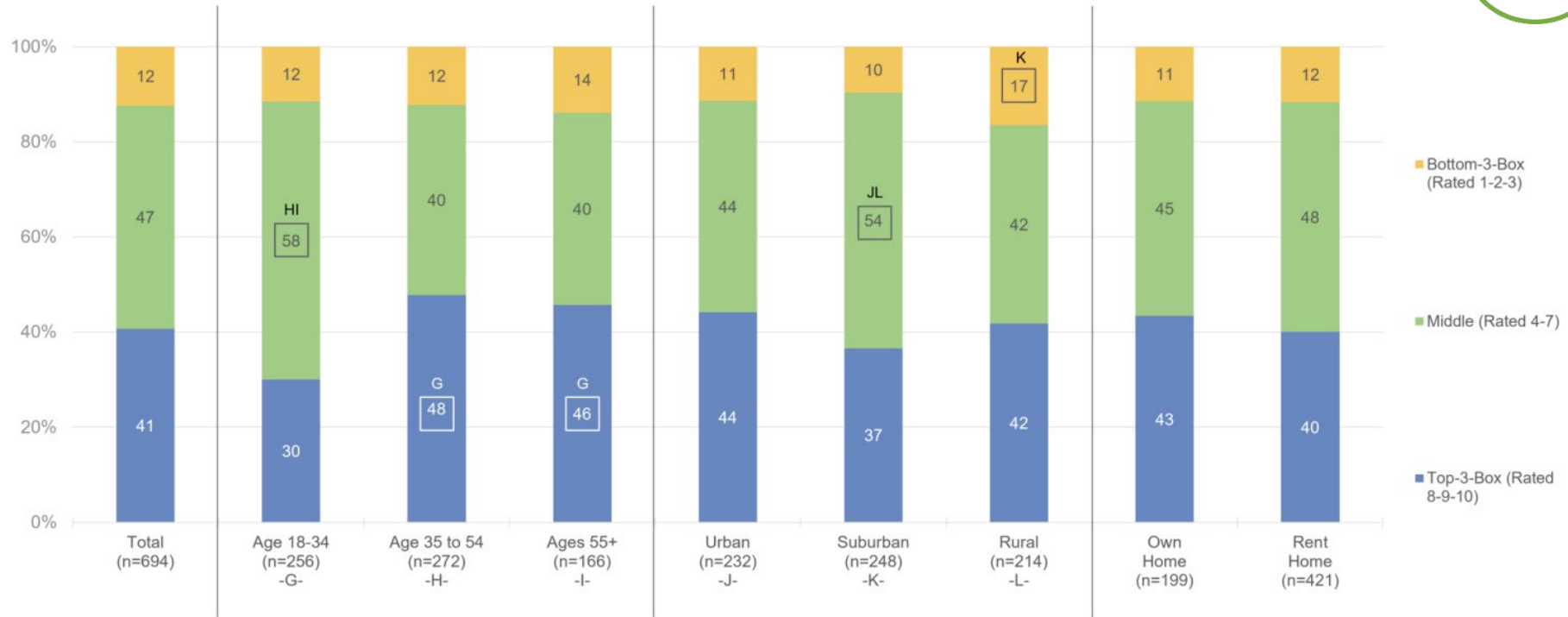


# Concern with staying current on utility bills



© E Source. **Base:** Total respondents. **Question\_H8:** Rate your level of concern for your ability to stay current on your utility bills over the next year.

# Experience with applying for assistance




© E Source. **Base:** Total applied for/received utility bill assistance. **Question\_H11:** If you've ever applied for or received utility bill assistance, how would you rate the experience of applying for or receiving utility bill assistance?



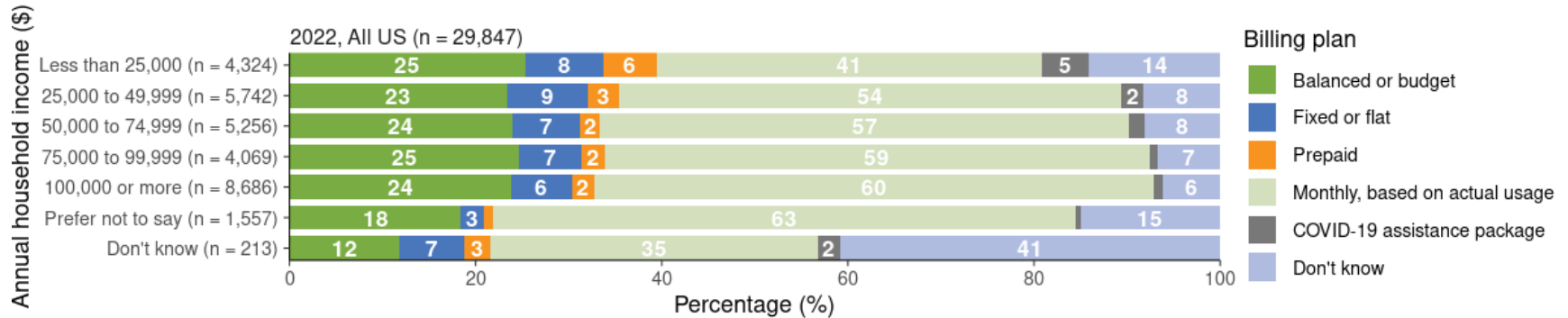
# What are we trying to achieve?

- **Greater engagement** of customers and communities
- **Greater program participation** to maximize energy assistance
- **Increased customer satisfaction** through convenient, flexible services that help people manage their utility bills
- **Increased operational efficiency and lower costs** through self-service options, improved awareness of programs, and reduced burdens on contact centers
- **Reduced customer debt and energy burden** through increased end-use energy efficiency and better arrearage management

A nighttime aerial view of a city with illuminated roads and buildings, serving as the background for the slide.

# The current state of payment assistance approaches

# Low- and moderate-income (LMI) customers on alternative payment plans or assistance



© E Source (US Residential Customer Insights Center; data from the Claritas Energy Behavior Track survey). Base: Respondents of electricity or dual-fuel providers who have the responsibility to pay the utility bill. Question D1electric: Do you pay your primary residence's electricity bill using any of the following plans? [Filtered] Note: Percentages shown in the charts reflect weighted data; sample sizes (n) are based on unweighted data. Percentages may not add to 100 due to rounding. Use caution when sample size falls below 30.

Source: E Source [Residential Customer Insights Center](#)

# Pick-your-due-date programs



- Listen to your customers to understand their needs around billing. Design a pick-your-due-date program with those needs in mind to help customers feel in control of their finances.
- Younger customers, customers with an online account, and those who have participated in an energy-assistance billing program are more likely to have participated in a pick-your-due-date program.
- Relax the enrollment criteria for your pick-your-due-date program so the customers who will benefit from it the most can participate.
- Make your pick-your-due-date program easy to find on your website. In your marketing, highlight how the program gives customers more control over their finances.

Source: [Design a pick-your-due-date program that serves you and your customers](#), E Source

# Crowdfunding programs



Crowdfunding, donation, and round-up programs collect donations for low-income bill assistance, energy-efficient repairs, and weatherization through bill round-ups or donations.

- **Xcel Energy's** [Energy Assistance Charge](#) (PDF) funds support programs managed by Energy Outreach Colorado (EOC) and the Colorado Energy Office that provide bill payment assistance, weatherization assistance, and energy efficiency programs to income-qualified households. Xcel Energy's Pay It Forward Program allows residential demand response participants to donate their rebates directly to EOC.
- **MidAmerican Energy's** [I CARE](#) program funds local assistance for heating bills and home weatherization for income-eligible residents and is administered through local community action agencies. I CARE is funded by customer donations and a 25% match from MidAmerican Energy. The utility's customers can make tax-deductible donations via a checkbox on their monthly bill, a pledge online, or anonymous payment.
- **Idaho Power's** [Project Share](#) program, administered by the Salvation Army, provides up to \$300 annually per household to help income-eligible customers pay utility reconnection fees, fund home equipment repairs, and supplement electric and gas bill payments.

For more, check out the E Source blog post [Design your gift-of-energy program with love](#).



# Budget-billing programs



- Customers who participate in budget-billing programs are more satisfied with their utility than customers who use standard billing.
- Consider allowing customers with outstanding debts to participate in budget billing or merging your budget-billing program with your arrears management program.
- To avoid large true-ups at the end of the year, you should reevaluate payments at least quarterly to review the difference between actual and budgeted bill amounts.
- Younger customers are more likely to participate in budget billing. Focus your marketing efforts on customers 18–34.
- Budget billing goes by many names: equalized billing, equal payment plan, levelized billing, level pay, average monthly payment, budget plan, balanced billing, or comfort level billing

Source: [Use budget-billing programs to help customers manage high bills](#), E Source

# Prepay programs



- Customers participating in a prepayment plan often express high or moderate levels of satisfaction.
- Several utilities have credited their prepay plans with energy savings of 5% to 14% per household.
- Customers cite predictability of energy bill and increased control over their budget and energy usage as top benefits of prepaying for energy.
- Prepay can be a viable payment option; customers of all income levels have shown interest in and satisfaction with prepaid billing.

Source: [Prepay programs can change customer behavior and save energy](#), E Source

# Arrearage management programs

- Arrearage management programs (AMPs) are for customers who have fallen behind in their payments.
- Most AMPs are ratepayer funded and can have a component of debt forgiveness attached to them.
- AMPs can reduce collection costs, site visits, and other disconnection costs; these savings can offset the debt-forgiveness and administrative costs.
- AMPs and debt forgiveness can avoid disconnections, which affects public safety, customer health, and revenues.

Source: [A look at two utilities' debt-forgiveness programs](#), E Source

# Percentage of income payment plans



- Percentage of income payment plans (PIPPs) allow customers to pay up to 6% of their monthly income to their energy bills; any difference is made up by the state or an agency.
- Typical participants include low-income customers, seniors, budget-conscious customers, and households with large arrearages.
- A PIPP is typically a 12-month plan, but some utilities allow customers to extend their plan.
- Arrearage forgiveness can be an important incentive for ensuring the plan's success; some utilities offer up to \$2,000 of forgiveness.
- Another name for a PIPP is a guarantee of service plan.

# Bill discount rates



- Connecticut's [Utility Rate Discounts for Low-Income Customers in Other States](#) (PDF) summarizes 11 states' low-income discount rate programs, including:
  - Fixed billing credits
  - Fixed percentage discounts
  - Billing caps based on a percentage of the customer's income
- Programs typically limit eligibility to households with an income below a certain threshold (for example, a percentage of the federal poverty level or the state's median income) and may require customers to meet additional criteria, such as receiving benefits from other programs.
- In some cases, applying to LIHEAP allows customers to automatically apply for a universal service plan (USP) if offered by their utility.

## Minnesota discounted utility rates for low-income customers

Utility	Eligibility Requirements	Discount
<a href="#">CenterPoint Energy</a>	Receiving LIHEAP assistance and agrees to be placed on a levelized payment plan and payment schedule  Participation is limited to first come first served, up to a \$5 million program cap	Customers receive a monthly bill credit determined as one-twelfth of the difference between an estimate of the customer's annual gas bill and 4% of the customer's household income
<a href="#">Minnesota Energy Resources</a>	Receiving LIHEAP assistance  Participation is limited to first come first served, up to a \$750,000 program cap	Customers receive a monthly bill credit determined as one-twelfth of the difference between an estimate of the customer's annual gas bill and 6% of the customer's household income
<a href="#">Minnesota Power</a>	LIHEAP qualified	Discounts range from 22.2% to 27.8% depending on monthly electricity usage
<a href="#">Xcel Energy</a> (p. 119)	Receiving LIHEAP assistance ( <a href="#">50% state median income</a> ) and using more than 3% of annual household income for electric use	The company offers customers with the lowest income and history of using more than 750 kWh per month an "affordable" monthly bill if they agree to "affordable" monthly payments (see also: <a href="http://energycents.org/affordability-programs/xcel-energy-customers/">http://energycents.org/affordability-programs/xcel-energy-customers/</a> )

Source: [Utility Rate Discounts for Low-Income Customers in Other States](#) (PDF), Connecticut General Assembly

# LIHEAP program research

- You should help customers connect with local LIHEAP offices to help them manage their debt and to increase the reach of your utility's assistance programs.
- Guide customers through the process with clear information about eligibility, deadlines, and any changes LIHEAP has seen due to COVID-19.
- Reach customers through your website as well as social media, bill inserts, and other direct communication. Provide training to contact center agents so they can effectively assist customers in need.

Source: [Help your customers get LIHEAP benefits during COVID-19](#), E Source

# LIHEAP: Categorical eligibility



LIHEAP Categorical Eligibility	
State	Policy
Arkansas	Does not have automatic eligibility and/or payment. However, elderly and disabled households who receive Food Stamps are mailed applications to apply for LIHEAP if they meet the eligibility guidelines. Their benefit amount is predetermined based upon payment levels, which are based upon the household's size and monthly income. If the applications are returned, the households will receive the predetermined amount.
Colorado	Since LIHEAP income eligibility is set at 185% of the federal poverty index, "categorically eligible" households automatically fall under this ceiling, as their income maximums are all lower. Members of these groups receive a mailed application and are set up in a "pre-pending" status prior to the start of each program year. Benefit amounts are based on income and prior year heating costs. Even if heating costs are very low, these applicants receive a minimum benefit of \$100.
Connecticut	Any household in which all household members are participating in one or more of the following DSS programs will automatically be considered income eligible for the CEAP, but must meet all other eligibility requirements to receive benefits: <ol style="list-style-type: none"> <li>1. Temporary Family Assistance</li> <li>2. State Supplement to the Aged, Blind and Disabled</li> <li>3. Refugee Cash Assistance Program</li> <li>4. Food Stamps</li> </ol>
Florida	Applicants that are currently Food Stamp or SSI eligible, do not need to show additional proof of their income. If they meet the priority population requirements and the agency has funds, they will receive benefits.
Georgia	Households are automatically eligible if 1 person is receiving TANF, SSI or Food Stamps
Idaho	Households are automatically eligible if 1 person is receiving TANF, Food Stamps or SSI

E Source tracks year-over-year policy changes in LIHEAP categorical eligibility across different states



# Creating Moves to Opportunity (CMTO)



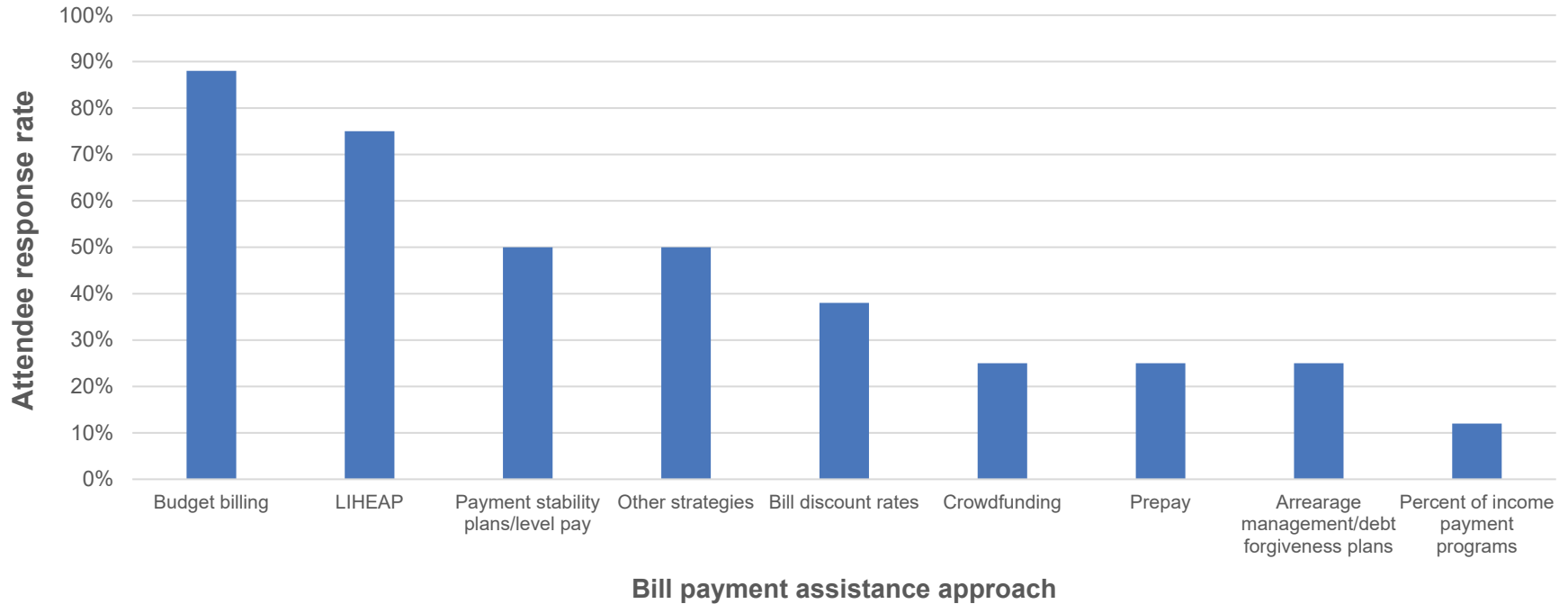
- CMTO is a collaboration between the Jameel Poverty Action Lab (J-PAL), the Seattle Housing Authority, and the King County Housing Authority in Washington.
- The purpose was to improve the outcome for low-income families moving to “high-opportunity neighborhoods” (HONs). These are neighborhoods with historic rates of upward mobility for children who grow up in them.
- CMTO paired low-income families with “housing navigators” who guided them through application process and worked with landlords on their behalf.
- The J-PAL paper [Creating Moves to Opportunity: Experimental Evidence on Barriers to Neighborhood Choice](#) (PDF) notes that giving only financial aid or information wasn’t enough to move a lot of these families. The navigators were the real difference-maker.

# CMTO and energy assistance



- J-PAL notes: “...[T]he program succeeded by relaxing families’ bandwidth constraints and addressing their specific needs, from identifying suitable units to providing emotional support to brokering with landlords.”
- For energy assistance, using a concierge or navigator for low-income customers and those with arrearages could bring great value to a utility in getting aid to customers who need it.
- Much of payment assistance is focused solely on providing information or financial assistance, but that can miss the importance of respecting a customer’s time and recognizing how daunting the aid process can be.

# Poll: Which types of payment assistance approaches are you using?



A nighttime cityscape with illuminated buildings and a complex highway interchange, serving as the background for the slide.

# Discussion

# Discussion questions



1. What payment assistant programs or pilots are you running?
  - Tell us about your processes and program administration.
2. What are their results?
  - What's working?
  - What's not working?
3. Are your programs keeping your customers out of chronic debt or are they producing temporary fixes?

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# Data sources

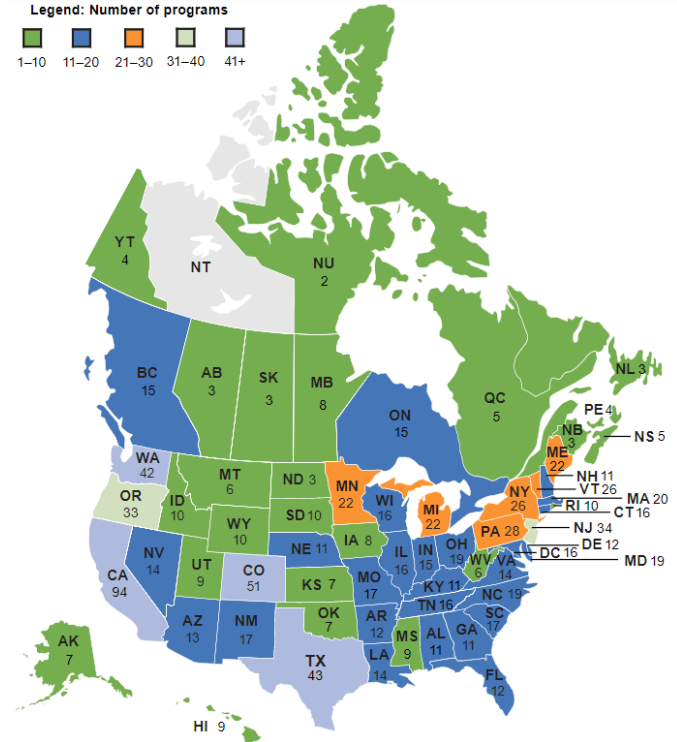
# E Source energy equity and affordability database



[A database of energy equity and affordability programs across the US and Canada](#) catalogs **800+** initiatives, programs, pilots, and plans offered by utilities, nonprofits, and state, local, and provincial governments in support of energy equity and affordability.

Filterable and searchable by:

- Administrator
- State or province
- Administrator type
- Program purpose
- Program type
- Fuel type
- Sectors served
- Equity metrics



© E Source, data from program websites and E Source DSMdat. Note: Some programs serve more than one state or province.



# Other E Source data tools



## Program info

E Source [DSMdat](#), our database of more than 6,000 demand-side management (DSM) programs from across the US and Canada, contains 288 current, active income-qualified DSM programs and includes program details, eligibility, and incentives.

## Program data

E Source [DSM Insights](#), our tool containing data on DSM program goals, budgets, spending, and savings from DSM regulatory filings, contains 285 income-qualified DSM programs' data from the past three years.

## Program evaluations

E Source [DSM Evaluation Library](#), our searchable database with more than 1,500 DSM program evaluations from across the US and Canada, contains 353 income-qualified DSM program evaluations from past 20 years.

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