

Staff Subcommittee on Consumer Affairs

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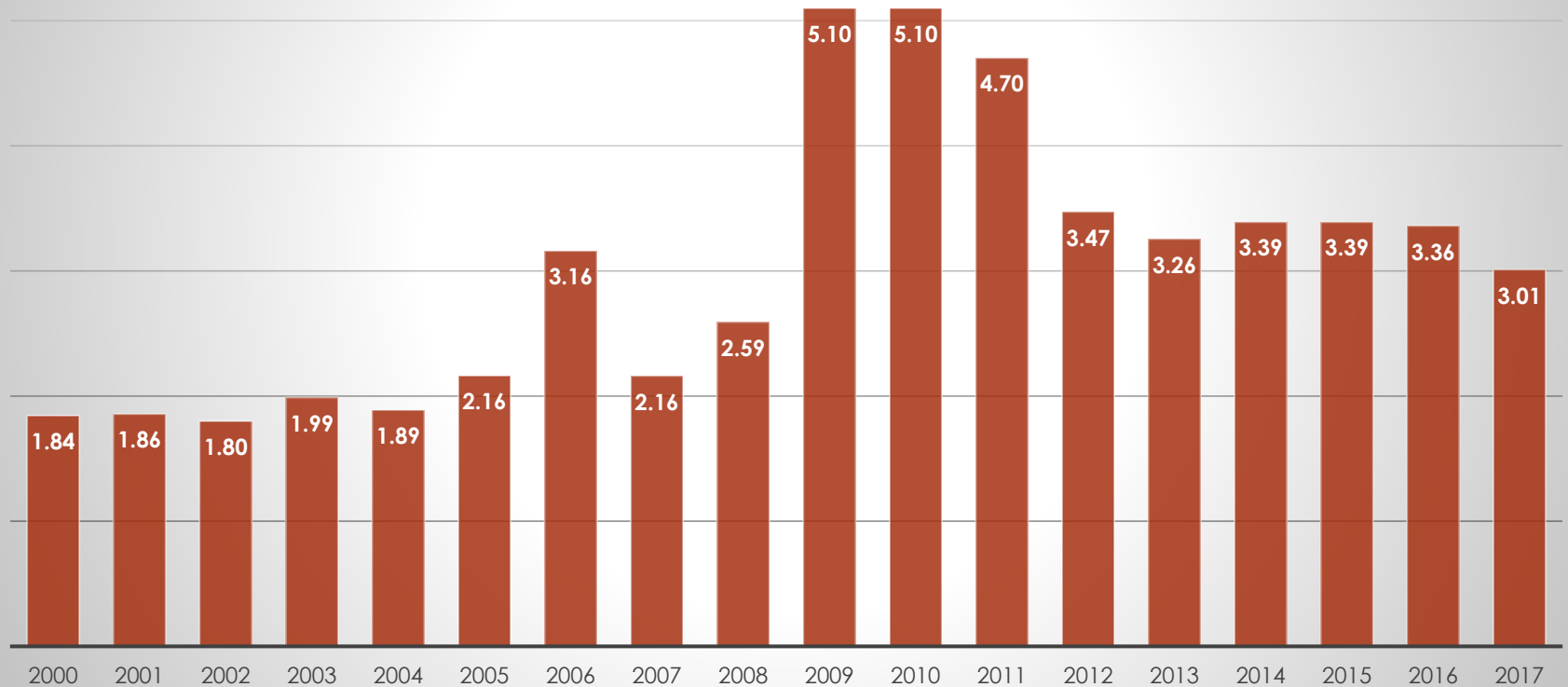
A World Without LIHEAP?



History of LIHEAP Funding

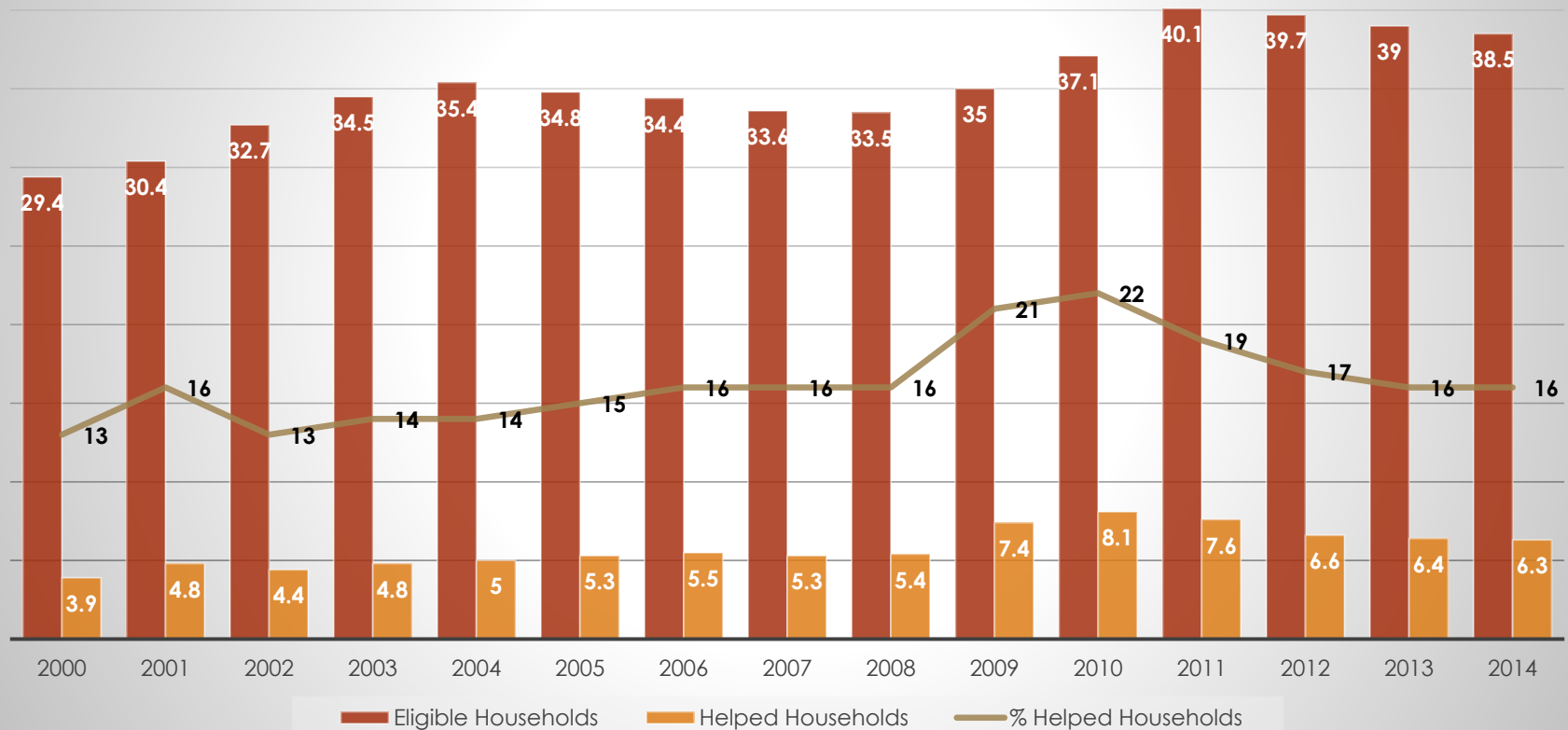
Fiscal Years 2000 through 2017

LIHEAP Fiscal Year Funding 2000 to 2017 (Millions)



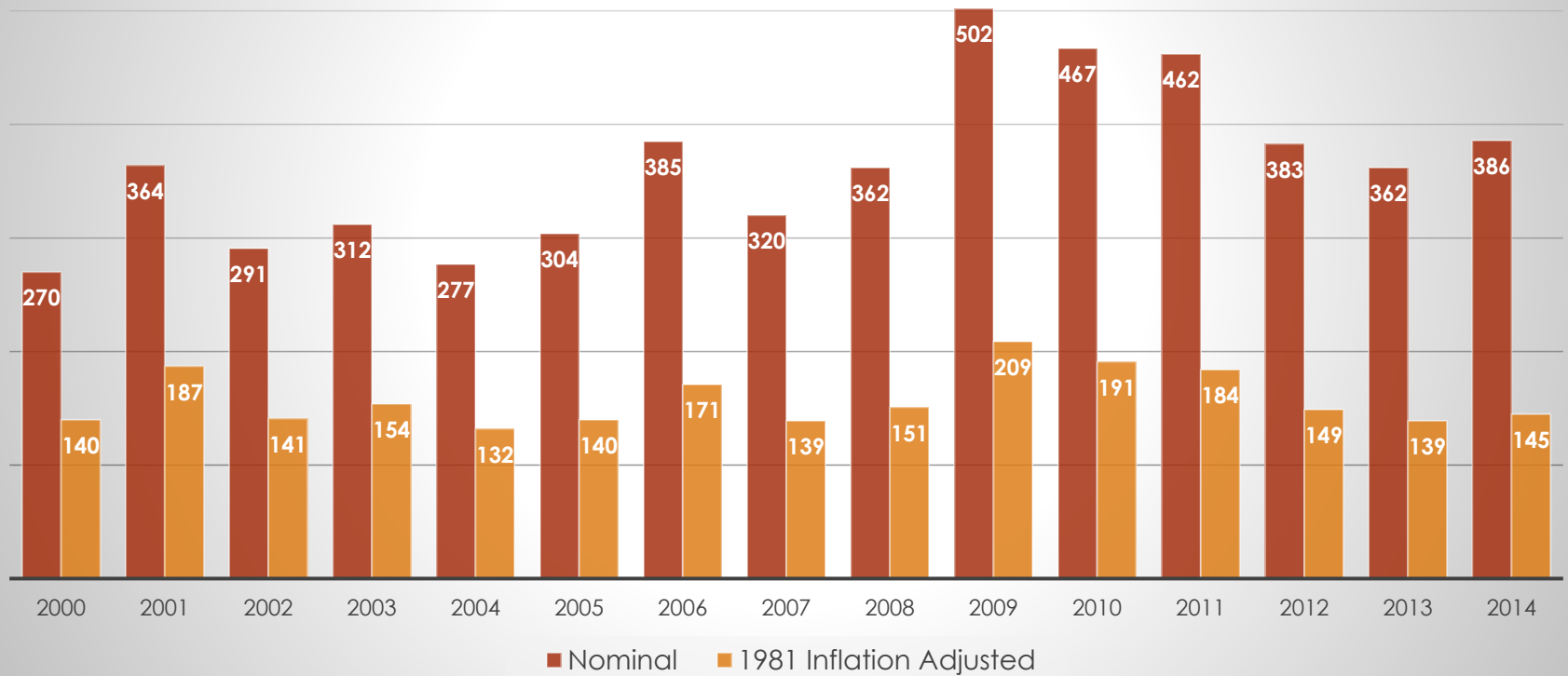
Source: Data regarding households assisted, federally eligible households, and benefit levels for FY2000 to FY2014 are drawn from the LIHEAP Home Energy Notebooks for FY1998 through FY2014. 2015, 2016 and 2017 data from the Congressional Research Service (CRS) on the basis of HHS data.

LIHEAP Eligible vs Helped



Source: Data regarding households assisted, federally eligible households, and benefit levels for FY2000 to FY2014 are drawn from the LIHEAP Home Energy Notebooks for FY1998 through FY2014

Dollars Per Household Helped



Source: Data regarding households assisted, federally eligible households, and benefit levels for FY2000 to FY2014 are drawn from the LIHEAP Home Energy Notebooks for FY1998 through FY2014.

Low Income Home Energy Assistance Program

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Program Background

- Energy Assistance programs began in the mid-70s with weatherization and the early 80s with LIHEAP.
- Both were enacted during previous energy crises – high prices and shortages that hit the poor hardest because they have limited incomes and alternatives

LIHEAP Today

- LIHEAP FY 2017 Funding: \$3.4 billion in formula grants to states
- Serves 6.8 million low income households, 19% of the eligible population
- Helps families pay their energy bills and weatherize their homes

LIHEAP Today

- Average annual heating cost for low income families: \$783, an increase of 8.1%, \$58 more than last year
- Heating costs vary by heating type. Average home heating cost this winter was:
 - Propane: \$1,448
 - heating oil: \$1,227
 - Electricity: \$902
 - Natural gas: \$577

LIHEAP Recipients

- LIHEAP serves some of the poorest families:
 - 83% of recipients have incomes of less than 125% of the federal poverty level
 - 66% have incomes below 100% of the federal poverty level
- And the most vulnerable:
 - 70% of recipient households have at least one member who is elderly or disabled, or have a child under the age of six.

LIHEAP Recipients

Energy prices fall hardest on lower income households.

- In FY 2014, the average energy burden for low-income households was 10% of income, almost 4x that of non-low income households (2.4%).
- 1/3 of lower income households have energy burdens greater than 15% of income
- 1/6 have an energy burden greater than 25% of income

Source: FY 2014 Home Energy Notebook, Administration for Children and Families.



LIHEAP & Public Health

Plays a crucial role in maintaining family stability and improving health outcomes for vulnerable populations

- Power shut-offs not only affect heating and cooling, but also essential appliances such as the refrigerator and electric stove.
- Enables elderly citizens to live independently and ensures that young children have safe, warm homes to live in.

LIHEAP and the President's Budget

- The FY 2018 President's Budget Proposal eliminates LIHEAP
- The proposal states that LIHEAP is "unable to demonstrate strong performance outcomes. Utility companies as well as state and local governments, provide significant heating and cooling assistance and the majority of states prohibit utilities from discontinuing heating during the winter months."

LIHEAP Performance Measures

- Comprehensive LIHEAP performance measures program became a requirement in FY 2016.
- HHS requires states to submit an annual report containing data:
 - That demonstrates households that pay the highest energy burden receive the highest benefit
 - On the number of restorations of energy services to families that have been shut-off due to lack of payment, and
 - On the number of households LIHEAP prevented from losing energy services

LIHEAP Performance Measures

Preliminary data for 36 states from FY 2016 demonstrate that LIHEAP:

- restored energy services for 235,716 families, approximately 6.6% of the total households served in those states, and
- prevented disconnection for 1,013,683 households, 28.2% of the total households served in those states

LIHEAP Success Stories

- **Oklahoma:** A young single woman with medical issues was working part time as a cashier and taking care of her elderly grandmother. She was able to use LIHEAP to maintain service while she was between jobs, preventing her and her mother from entering a shelter. She was also able to use LIHEAP emergency assistance to prevent disconnect of her electricity when her new salary was not enough to cover the bill.
- **Connecticut:** A single mother of two facing the challenges of being homeless came to the state for help. Through Connecticut's connected services, she received a housing subsidy, \$505 in LIHEAP funds, and was enrolled in the utility company's Matching Payment Program.

U.S. DOE Weatherization Assistance Program

- Federal program administered by the U.S. Department of Energy to provide weatherization services to low income families
- Since the inception of the WAP, over 7.4 million homes have been weatherized with DOE funds.
- Weatherization saves low-income families an average of \$250 to \$450 per year in heating, cooling and electric costs, depending on their housing type, location, and fuel source.

Benefits of WAP

- For every \$1 invested in the program, WAP returns \$4.10 to households and society.
- WAP helps the country reduce its dependence on foreign oil and reduce carbon emissions.
- WAP impacts American workers and businesses, supporting at least 8,500 jobs and thousands more in related industries
- WAP provides the marketplace for innovation in the residential energy efficiency industry and supports the growth of related businesses.



Utility & Regulatory Actions as LIHEAP Remains Underfunded

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A presentation to the Subcommittee on Consumer Affairs

NARUC 2017 Summer Policy Summit – San Diego – July 16, 2017

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LIHEAP is underfunded and will remain underfunded. Q: What must we do?

The Easy Math

- LIHEAP was funded in FY2016 to serve only 19% of eligible households*
- An appropriate LIHEAP budget is nearly \$18 billion**

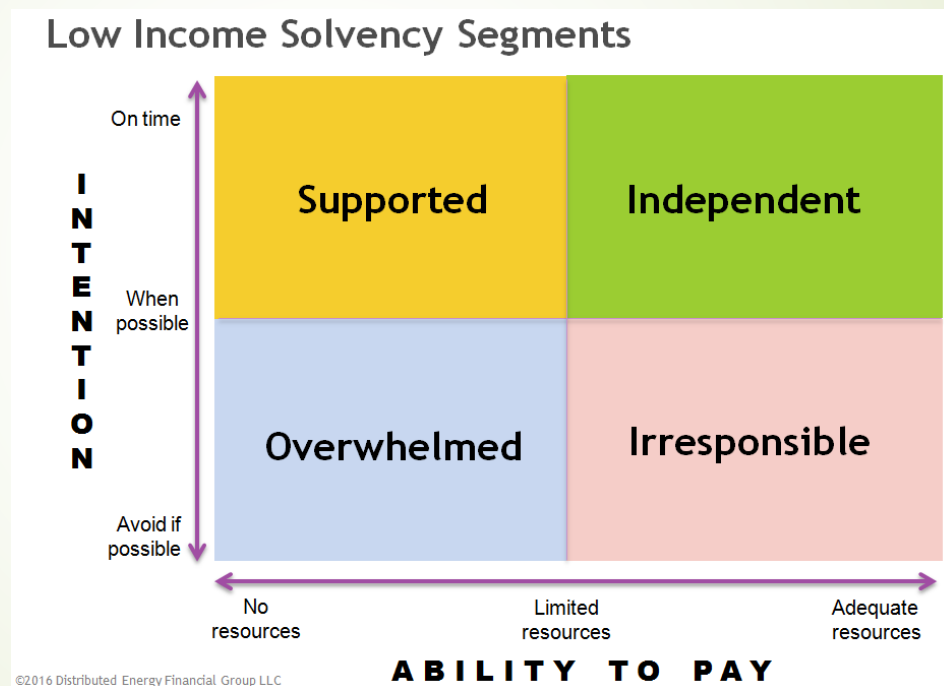
The Simple Conclusions

- Defunding LIHEAP will result in loss of life
- 30 million households need help
- Utilities → lower costs; reduce disconnects; support conservation
- Regulators → institutional reform

* National Energy Assistance Directors' Association (NEADA) press release, "Statement in Response to the Administration's FY 2018 Budget Proposal LIHEAP Demonstrates Strong Performance Outcomes: Prevents Shut-Offs for Millions of Poor Families," May 25, 2017

** $\$3.36 \text{ billion} \times 100/19 = \17.68 billion

Limited resources must target the “overwhelmed” sector; Q: How to help others?



Source: Schwartz, J. (March 2016) “Lessons from Other Industries” (Low Income Energy Issues Forum: webcast in two parts) Washington, DC: Distributed Energy Financial Group LLC

Many programs are cost-effective but do not solve problems



Too many electric industry stakeholders have a habit of describing the electric industry in pure commodity terms, but that language is detrimental to reform

Solution: Focus on the value of end-use services

If monthly billing of poorly-understood commodity units is a great idea, then let's apply the concept to groceries!*



Imagine a grocery shopping experience for your “food commodity”

- Regular shopping
- No marked prices
- A count of “food items purchased”
- Monthly billing (no payment when you shop)
- Credit extended
- Barred from entry if your account becomes delinquent

*** This is sarcasm**

What if ...



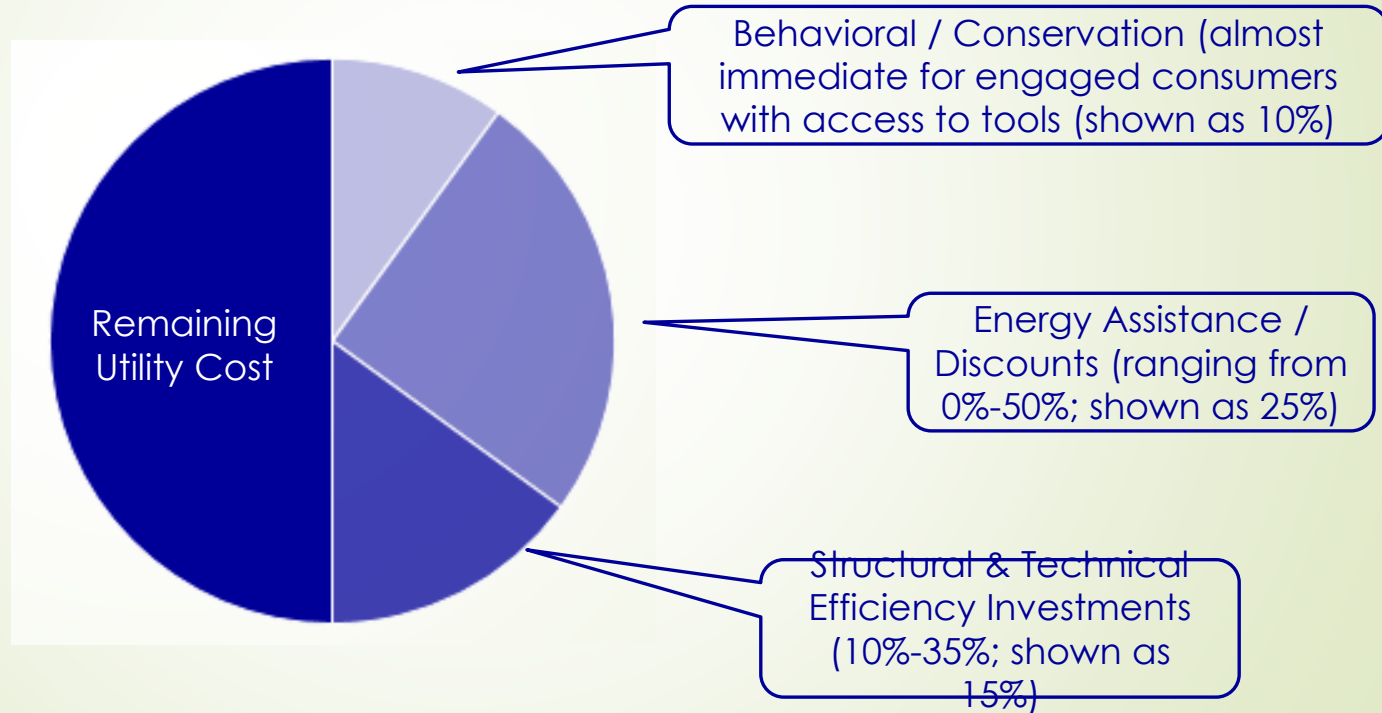
- ▶ You knew the price of each item?
- ▶ Prices were clear & simple?
- ▶ You paid when you shopped?
- ▶ You could make tradeoffs?
- ▶ You shopped when you had money?
- ▶ You did not go into debt?

Utilities Must Immediately Push Out Information to Empower Consumers

Daily Cost Awareness	<i>"Your electric service cost \$3.85 yesterday"</i>
Detailed End-Use Costs	<i>"Your refrigerator cost \$23.58 last month"</i>
More Payment Options	<i>"Zero fees for weekly payment"</i>

Savings of 5% to 15%

Immediate Savings of 5% to 15% — Why is this interesting?



Utilities Must Pursue a Business Case Consistent with a Goal of No Disconnections



Government Must Reform Regulations to Facilitate Utility Commitments

Pilot Programs	Test, try, experiment ... then increase to scale
Rate Designs	Offer customer choices and options
Communications	Choice in what, how and when to receive
Payment Frequency	Payments to match when customers are paid
Payment Channels	Payments at retail store checkout
Prepayment	Eliminate deposits; reduce fees; no monthly bill
Customization	Address household needs/customer preferences
Differentiation	Customers differ; reform statutes and regulations that require everyone to be treated the same

Contact

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NARUC

Dominion Energy Ohio

Barbara A. Smith
Manager, Gas Operations

July 16, 2017



About Us

- **Dominion Energy is one of the nation's largest producers and transporters of energy, with a portfolio of approximately 26,200 megawatts of generation, 15,000 miles of natural gas transmission, gathering and storage pipeline, and 6,600 miles of electric transmission lines.**
- **Dominion Energy serves more than 6 million utility customers in 7 states.**



Impacts



Dominion Energy Ohio (DEO) serves 1.1 million Residential Natural Gas customers

Over 150K DEO customers depend on LIHEAP annually. Many of these households consist of children, elderly, veterans and disabled family members.



The Unknown Impacts



**Desperation
Fraud
Theft**



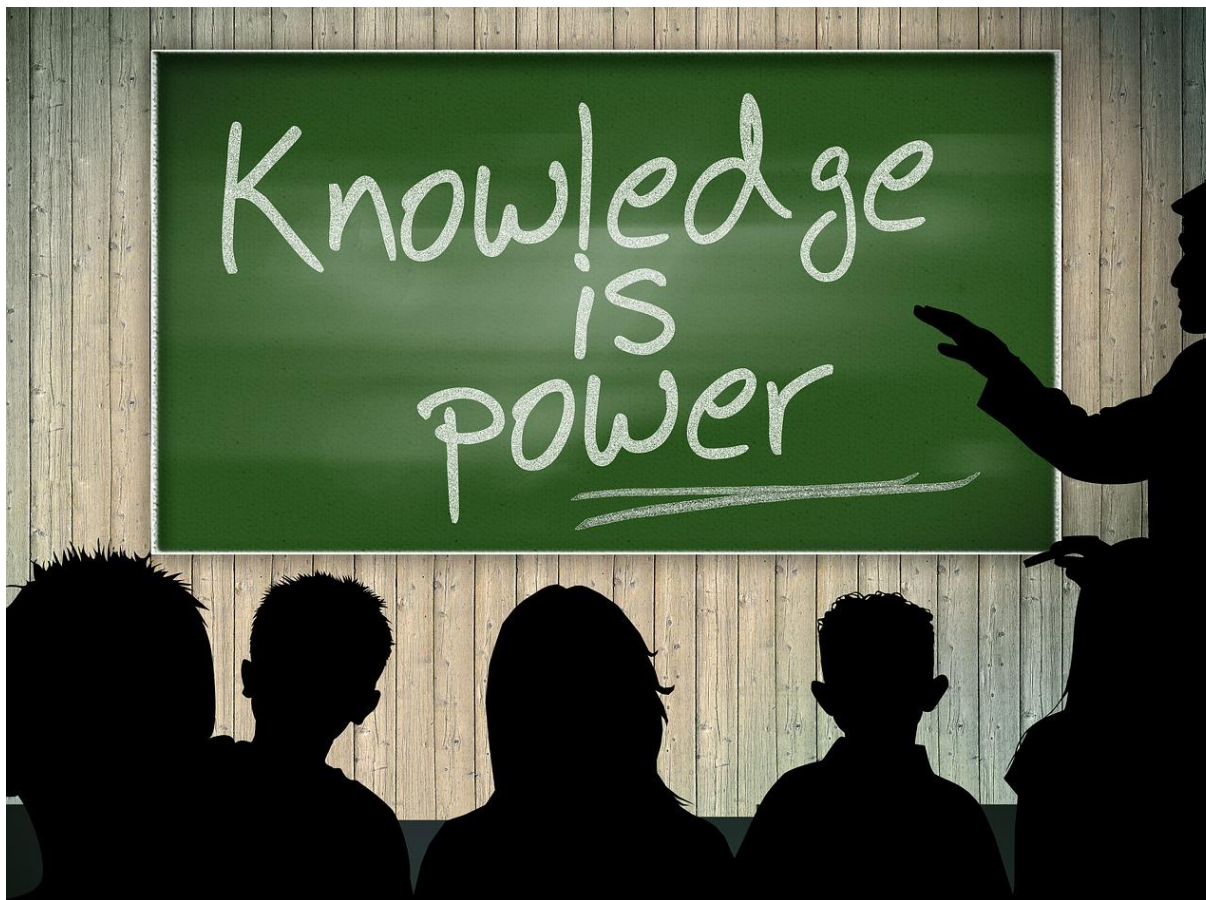
What Can We Do ?



**Housewarming
Weatherization Program**



What Else Can We Do? Educate





**Dominion
Energy®**



THANK
YOU

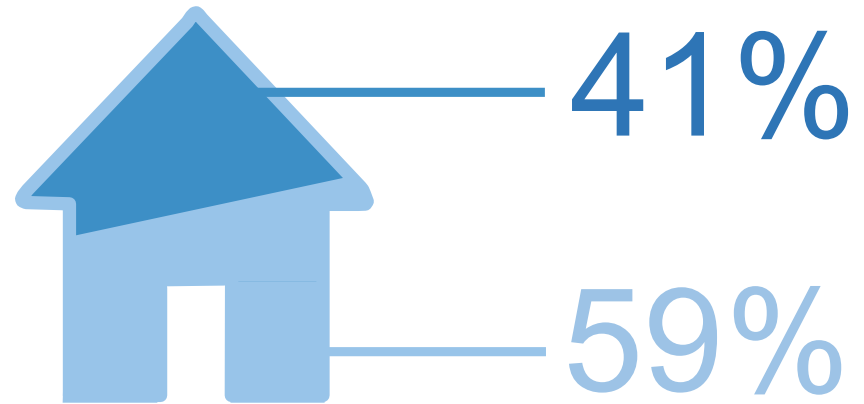
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Dominion Energy Ohio

MICHIGAN NEED

1.1 million Michigan households have incomes that make them eligible for energy assistance. In 2016, only 41% or roughly **454,400** households received assistance.

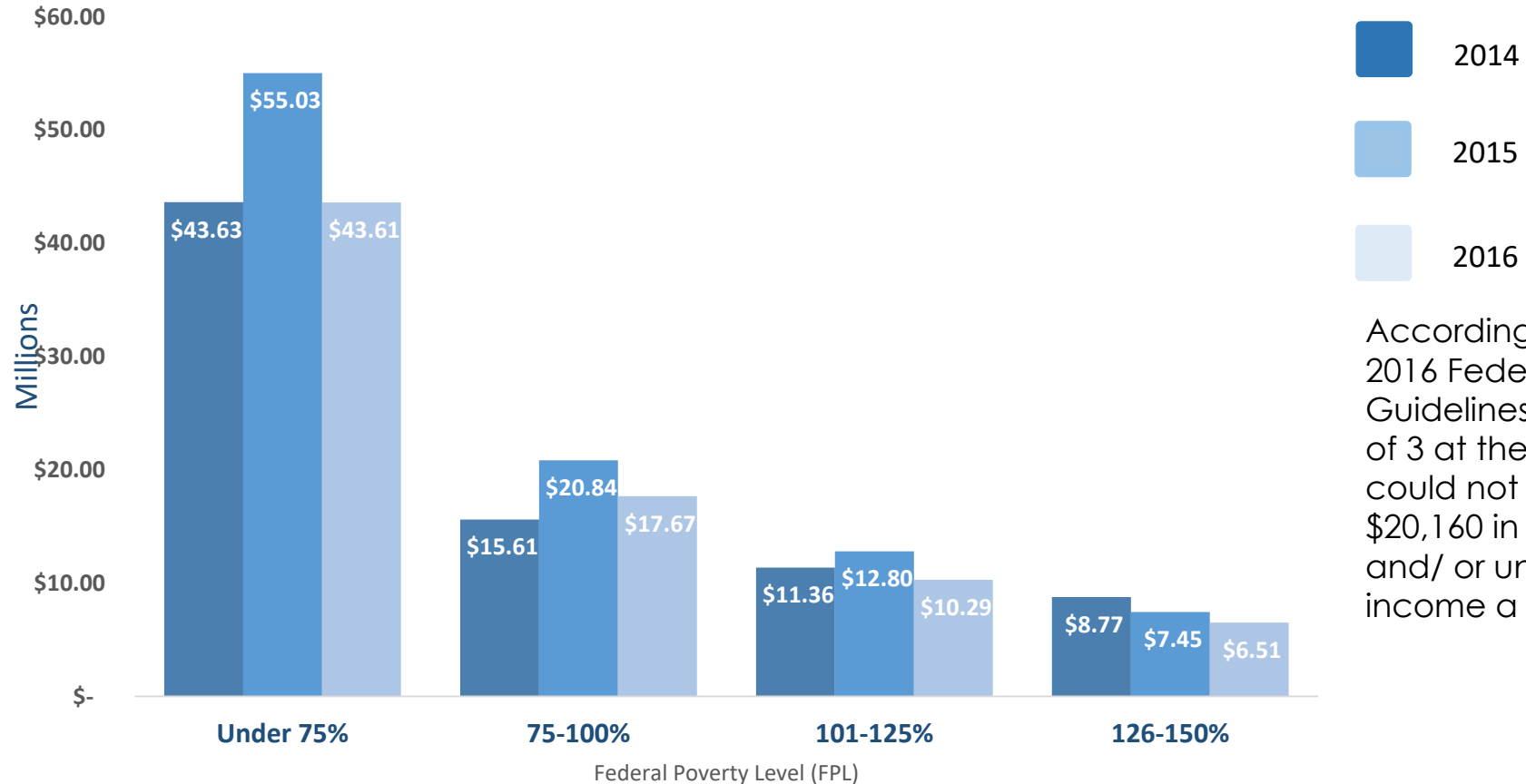


In 2015, the Michigan 2-1-1 system provided over **652,000 phone-based referrals**, with questions related to utility assistance (25.3%) being the #1 reason for calls.

LIHEAP and The Michigan Energy Assistance Program

- LIHEAP distributed three ways in Michigan
 - Treasury-Home Heating Credit
 - Health and Human Services-Crisis State Emergency Relief
 - The Michigan Energy Assistance Program
- MEAP-funded by \$50 million in rate payer funds and \$40 million in federal LIHEAP
 - Households must be at or below 150% of federal poverty level
- In addition to direct energy assistance agencies must provide services to help participants move towards self-sufficiency
 - Since 2014, over 200,000 households have received financial literacy education or energy services to reduce their energy use
- In 2016-35% of households enrolled in a utility affordable payment plan
 - Nearly 90% of customers were reported as paying bills on time while enrolled in affordable payment program
- MEAP program has shifted from requiring a high cost crisis or shut off notice to preventing a crisis at a lower cost

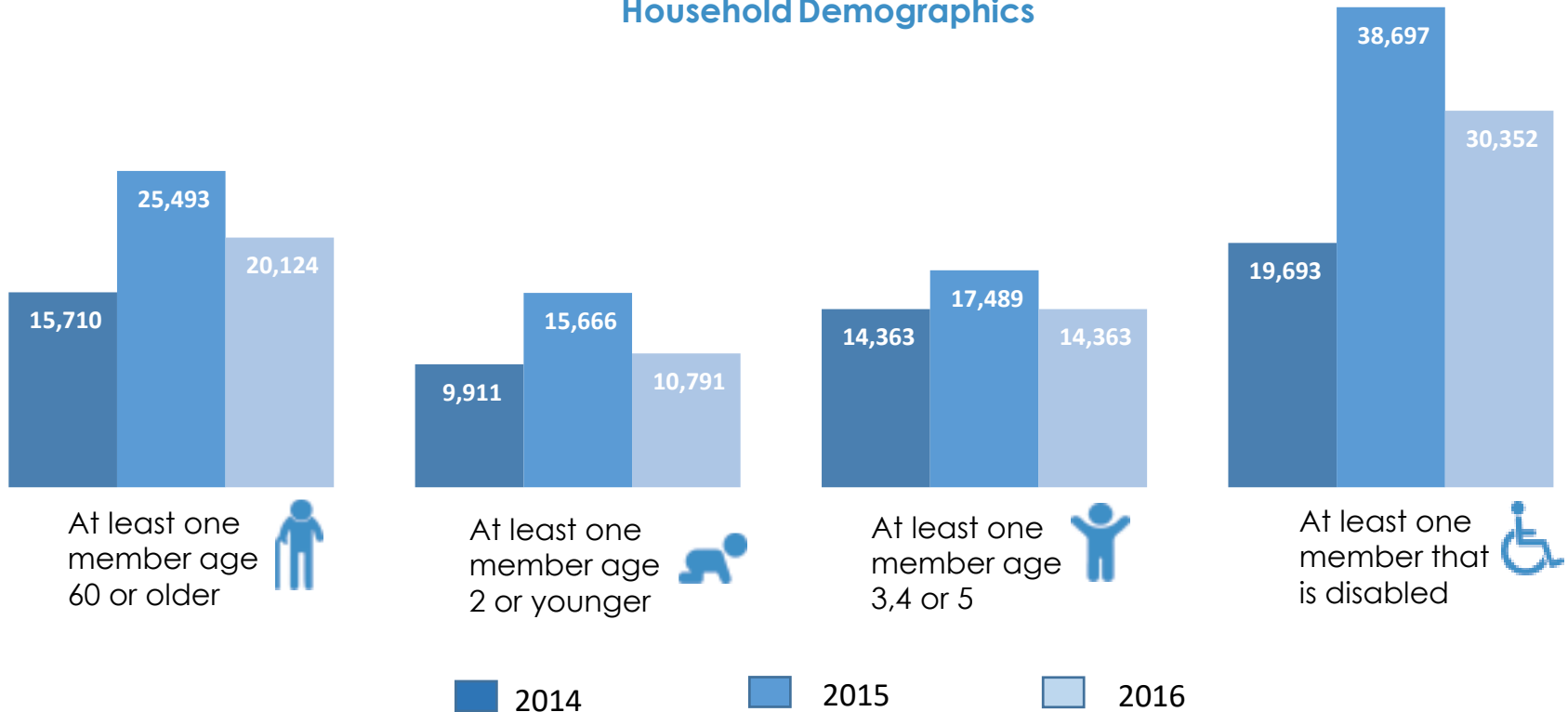
Total MEAP Funds Spent By Poverty Level



According to the 2016 Federal Poverty Guidelines, a family of 3 at the 150% FPL could not exceed \$20,160 in earned and/ or unearned income a year.

MEAP IS ASSISTING MICHIGAN'S MOST VULNERABLE CUSTOMERS

Household Demographics



*Of those agencies reporting, on average, 48% of households are employed.

*Households may fall into more than one category and not all households fall into one of these.

Michigan without LIHEAP

- Strong Reliance on protections in Michigan Public Service Commission's Consumer Standards and Billing Practices
 - Medical Emergency and Critical Care Customers
 - Senior Citizen Protections
 - Shut Off Protection Programs
 - Extreme Weather Rules
- Potential Staff Recommendations to Commission
 - Place moratorium on utility shut offs during the heating season
 - Support more robust low income rates in utility rate cases procedures
- Provide assistance only in the event of a shut off notice
 - Eliminate services for self-sufficiency

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NARUC  Summer
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