



GAS COMMITTEE

MONTHLY MEETING

APRIL 10, 2023

1:00 – 2:00 PM ET



Agenda:

1. Welcome and speaker intros
Chair Tammy Cordova
2. Remarks on natural gas prices and energy assistance programs
Mark Wolfe, NEADA and Karen Lusson, NCLC
3. Q&A / Discussion
4. NARUC Summer Policy Summit updates
NARUC staff
5. Reminders for upcoming key dates / other business



NATIONAL ENERGY ASSISTANCE DIRECTORS' ASSOCIATION

Low-Income Energy Outlook

APRIL 10, 2023

NATIONAL ENERGY ASSISTANCE DIRECTORS ASSOCIATION

Families Receiving Energy Assistance

- The number of households receiving heating assistance is up by an estimated 1.3 million, up from 4.9 million the previous year to 6.2 million
- This has been the largest increase since 2009

Are the Funds Adequate to Meet the Need?:

- States currently have sufficient funds to help families pay their winter energy bills.
- States could run out of funding if the rate of new applications continues to increase
- Reasons that the increase in the number of applications are not surprising:

1

High home
energy bills

2

High rate of
inflation in
essential goods

3

End of enhanced
child tax credit and
rental assistance
program

Utility Arrearages

Estimated National Arrearages (6/22 to 12/22)

Month	National Arrearages (Billions)	Households in Arrears (Millions)	Arrears Per Household
22-Jun	\$16.3	20.8	\$783
22-Jul	\$16.4	21.1	\$774
22-Aug	\$16.3	20.9	\$778
22-Sep	\$16.6	20.7	\$802
22-Oct	\$16.8	21.2	\$792
22-Nov	\$16.6	21.0	\$791
22-Dec	\$14.1	21.2	\$668

Home Heating Prices are at a 10 Year High

Estimated Winter Heating Costs, 2020-21 to 2022-23

All Fuels is a weighted average of all home heating sources, using the number of households by energy type.

Winter Heating Season	Natural Gas	Electricity	Heating Oil	Propane	All Fuels
2020-21	\$572	\$1,180	\$1,212	\$1,162	\$885
2021-22	\$723	\$1,231	\$1,860	\$1,587	\$1,031
2022-23	\$828	\$1,360	\$2,342	\$1,727	\$1,162
% Difference, 22-23 vs. 21-22	14.5%	10.5%	25.9%	8.8%	12.7%
% Difference, 22-23 vs. 20-21	44.8%	15.3%	93.2%	48.7%	31.2%

Source: [Average Consumer Prices and Expenditures for Heating Fuels During the Winter, U.S. Energy Information Administration Short-Term Energy Outlook](#) • [Get the data](#) • Created with [Datawrapper](#)

Appropriations Status

FY 2022	FY 2023
\$3.8 Billion Regular Appropriation	\$4 Billion Regular Appropriation
\$4.5 Billion ARP	1 Billion Short-Term Continuing Resolution
\$100 Million Infrastructure Investment Act	\$1 Billion Full-Year Continuing Resolution
	\$100 Million Infrastructure Investment Act
Total: \$8.4 Billion	Total: \$6.1 Billion

Reasons for Funding concerns:

- Applications are still rising, and weather conditions are colder than last year
- Program purchasing power is declining
- Summer cooling of concern – states will shift funding from summer cooling
- Arrearages remain high
- States still have adequate funds available but might have to start cutting grants if applications continue to grow

Rising Exports of Natural Gas:

- The US is now the world's largest natural gas exporter
- As a result of increasing exports price volatility is likely to be high creating uncertainty for consumers

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CRISIS IN AFFORDABILITY OF LIGHT AND HEAT



**National
Consumer Law
Center**
*Fighting Together
for Economic Justice*

Karen Lusson, Senior Attorney
National Consumer Law Center

April 10, 2023

Presented to:
NARUC Gas Committee

National Consumer Law Center

- Since 1969, the nonprofit National Consumer Law Center® (NCLC) has used its expertise in consumer law and energy policy to work for consumer justice and economic security for low-income and other disadvantaged people in the U.S.
- NCLC's expertise includes policy analysis and advocacy; consumer law and energy publications; litigation; expert witness services, and training and advice for advocates.

Energy Insecurity, Pre-COVID-19

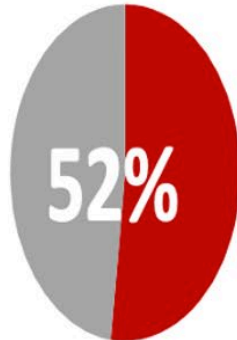
- U.S. Energy Information Administration:



25
Million

25 million households reported **forgoing food and medicine to pay energy bills** in at least some months and 7 million had to forgo food and medicine almost every month.

Nearly 1 in 3 U.S. households faced challenges in **paying energy bills** or keeping their homes heated or cooled in 2015, as did **50% of households with less than \$20,000 in annual income.**



52% of African American households **reported experiencing household energy insecurity**, as did 44% of Latinx Households.

Reality of Unaffordability

- When people can't pay their utility bills and are disconnected, they can't work, their children can't go to school, and people (esp. sick, disabled and elderly persons) can't remain safely in their homes.
- Disconnections run counter to the policy position that access to utility service is essential to everyday life.
- How can regulators / policy makers minimize the occurrence of the hammer of disconnection?

Unaffordability is growing

- Today, state clean energy goals, incentives for renewables, electrification are putting upward pressure on electric and gas rates
- To the extent that gas system modernization programs are taking place in various states, need for regulators to investigate need and cost in light of the movement toward clean energy
- Case in point: ILLINOIS -- every major electric and gas utility has unprecedented rate increase requests pending before the ICC that will increase monthly bills, in total, by hundreds of dollars per year
- Scheduled to take effect at the end of the year for gas utilities, and on January 1, 2024 for the electric utilities.

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Pending Electric and Gas Utility Rate Increase Requests

Utility	Rate-hike request	Estimated average impact
ComEd	\$1.47 billion over 4 years	\$4.25 a month, building to \$17 a month by 2027
Ameren Illinois (electric)	\$435.6 million over 4 years	\$6.27 a month (833 kWh/month in usage), building to about \$25 a month by 2027
Peoples Gas	\$402 million a year	\$11.83 a month
Nicor Gas	\$321 million a year	\$9.28 a month
Ameren Illinois (gas)	\$160.4 million a year	\$6.68 a month (for 62 therms/month in usage)
North Shore Gas	\$18.5 million a year	\$6 a month

Unaffordability: By the Numbers

- ComEd delivery service rates have increased more than 48% percent since 2012.*
- Ameren Electric delivery service rates have increased nearly 40 percent over the same period.**
- Around a third of Peoples Gas customers are typically eligible for disconnection at any given time during the year because rates are so unaffordable.***
- Nicor Gas rates have increased 288% since 2018.****

* See ICC Rate Case History Report, <https://www.icc.illinois.gov/icc-reports>

** *Id.*

*** See Peoples Gas Light & Coke Company System Modernization Reports, <https://www.icc.illinois.gov/programs/natural-gas-investigations>

**** See ICC Rate Case History Report, <https://www.icc.illinois.gov/icc-reports>

Arrearages

- MA arrearage data -- February 2023:
- Residential electric and gas customers are about \$826 million in arrears overall (30+ days late)
 - Standard rate customers owed \$529 million, and discount rate owed \$297 million (this is a peak for discount rate customers)
 - This is \$44 million *more* than was owed in February 2021 during the heart of the pandemic.
- For customers more than 90 days behind:
 - Standard rate customers owed \$334 million (\$1,258 on average), and discount rate customers owed \$224 million (\$1,444 on average)
 - 45% of standard rate customers in arrears and 69% of discount rate customers in arrears were more than 90 days behind as of February 2023

Arrearages

- Illinois Arrearages as of February, 2023
 - \$400 million (major electric and gas utilities) in arrears overall (30+ days late)
 - \$46.2 million of the \$400 million owed by LIHEAP / PIPP customers (low-income)



Meanwhile....LIHEAP funding insufficient to meet the demand

- Post-covid, LIHEAP budgets are shrinking as additional COVID LIHEAP infusions run their course.
- While rates have increased exponentially over the last decade, increasing funding for energy assistance (LIHEAP) remains a fight each year
- LIHEAP applications are up by more than 30% over last year in Illinois.
 - LIHEAP funding predicted to run out this month at some agencies and by end of May at all agencies.

Credit & Collections Protections have failed customers

- Disconnections of ComEd customers increased by 170% over the 2013-2019 time period *before* COVID hit.*
- Ameren disconnections increased by 79% between 2013 and 2019.**
- The monthly data reported to the ICC shows Deferred Payment Arrangement or DPA default rates in excess of 26% to 37% for the big four utilities for just last month.***

* Illinois Commerce Commission Notice of Inquiry, 20-NOI-1, <https://www.icc.illinois.gov/notice-of-inquiry/20noi-01>, ComEd – 20-NOI-01 Initial Comments, Attachment 01.

** *Id.*, Ameren Illinois Company Initial Comments, Appendix A – Attachment 1.

*** For the month of February, 2022, DPA default rates were as follows: ComEd – 33%, Ameren Electric and Gas 37%, Peoples Gas – 26%, Nicor Gas – 35%.

How to monitor disconnections, arrearages, unaffordability?

- Monthly zip-code level data filed by all electric, gas, water/sewer utilities
- IL: (220 ILCS 5/8-201.10) Requires monthly reporting of data, including customer numbers, disconnection notices, disconnections, existing DPAs, new DPAs, failed DPAs, reconnections, deposits, late fees, \$ arrearages past 30 days, number of customers in arrears
- Broken down by customers class, including total residential and low-income subset

Impact of Unaffordable Utility Services

- Who most frequently bears the hammer of disconnection?
- Zip code data reveal that Black and Brown/environmental justice communities are disproportionately impacted.

Case in Point: What Illinois Zip-Code-Level Data Reveals

- We now have disconnection data transparency: utilities now file monthly disconnection data by zip code (began with COVID-19 docket settlement, now codified in statute. (See Sec. 8-201.10 of the PUA)
- Tufts University analysis of zip-code-level disconnection data, 2013-2020*:
 - Controlling for income distribution and other demographics, customers in non-white neighborhoods were four to five times more likely to have their power disconnected, both in normal times and during the COVID-19 pandemic.
 - During the COVID-19 pandemic, there was a 9X expansion in low-income assistance to pay utility bills, but disconnections were double and deferred payment plans triple their historical averages in October 2020. About 20% of all accounts were charged late fees. The odds for each of these measures were multiples higher in non-white zip codes.
- How to change these outcomes? Significant change in disconnection practices is needed – now and in future.

**The incidence of extreme economic stress: Evidence from utility disconnections, S. Cicala, Tufts University, June 28, 2021.*

Credit & Collections Protections have failed customers

- We know from monthly zip code level data filed with the ICC that communities of color have been hit hardest by utility disconnection policies and arrearage levels.****
- It might surprise you to know each of the major utilities' current policy is to actually *accelerate* disconnections of customers they deem to be in financially at risk. That policy makes no sense since it gives people no time to access needed energy assistance like LIHEAP. Disconnections occur even after the utilities have been notified by community action agencies that a customer is in the process of applying for LIHEAP.

****See <https://www.chicagobusiness.com/utilities/comed-cuts-1-25-households-black-south-side-neighborhoods> See also <https://www.icc.illinois.gov/notice-of-inquiry/20-noi-01>, ComEd 20-NOI-01 Initial Comments, Appendix A Attachment 02; See also *The incidence of extreme economic stress: Evidence from utility disconnections*, S. Cicala, Tufts University, June 28, 2021, <https://www.stevecicala.com/papers/disconnections/disconnections.pdf>.

Case Study: Disparate impacts of disconnection policies -- ComEd

- **There is a striking overlap between race and service disconnections.**
- **ComEd: Among the 20 zip codes with the highest disconnections ratio, 13 were among the top 20 zip codes with the highest non-white populations.***
- **16 of the 20 zip codes cited fall within Environmental Justice Communities and all 20 fall within the state's definition of Equity Investment Communities.****
- **Relevant data point: Only 14.7% of Illinois' population is Black; Latiné or Hispanic population is 18.0%. (60% white)**
(<https://www.census.gov/quickfacts/IL>)

*See, e.g., ICC Docket No. 22-0067, COFI Ex. 1.0 (2nd CORR), pp. 19-20;

**See, e.g., ICC Docket No. 22-0067, COFI Ex. 1.0 (2nd CORR), pp. 19-20.

Zip Code	Total Residential Customers	Total Residential Disconnections 2013 - 2019	Disconnection Ratio (Total Disconnections / # Residential Customers)	Percent Non-White	CityAliasName
60958	49	77	1.57	80.7%	PEMBROKE TWP
60621	12763	12757	1.00	97.8%	ENGLEWOOD
60636	11982	11535	0.96	94.4%	OGDEN PARK
60827	8974	8088	0.90	93.2%	RIVERDALE
60426	12589	11087	0.88	79.1%	PHOENIX
60472	1655	1450	0.88	89.6%	ROBBINS
60624	14820	12316	0.83	95.5%	CHICAGO
60419	8492	6790	0.80	95.5%	DOLTON
60644	17856	14191	0.79	93.8%	CHICAGO
61057	52	41	0.79	14.4%	NACHUSA
60628	25801	20104	0.78	95.3%	ROSELAND
60428	430	330	0.77	85.2%	MARKHAM
60649	25156	18312	0.73	96.2%	CHICAGO
60637	23456	16362	0.70	83.3%	JACKSON PARK
60623	28485	19040	0.67	62.0%	CHICAGO
60620	29944	19876	0.66	97.9%	CHICAGO
60619	31264	20743	0.66	98.2%	GRAND CROSSING
60409	15305	9926	0.65	77.2%	CALUMET CITY
60466	11784	7271	0.62	72.7%	UNIVERSITY PK
60411	20585	12634	0.61	70.6%	S CHICAGO HEI
60651	22140	13547	0.61	79.7%	CHICAGO
60429	5647	3455	0.61	85.4%	HAZEL CREST
60153	8245	5023	0.61	81.8%	MAYWOOD
61104	8190	4904	0.60	39.8%	ROCKFORD
60471	5312	3075	0.58	90.9%	RICHTON PARK
60653	16223	9308	0.57	94.0%	CHICAGO
60617	31329	17814	0.57	63.1%	CHICAGO
61101	8651	4864	0.56	44.0%	ROCKFORD
60406	9634	5178	0.54	50.8%	DIXMOOR
60478	5984	3202	0.54	92.7%	TINLEY PARK

Risk-Ranking: Who gets disconnected when?

- All major electric and gas utilities in Illinois employ “risk-ranking” of customers
- Third party hired by most to create a “risk analysis” of each customer
- Utility supplies bill payment history data about each customer to contractor
- Blackbox algorithm applied by contractor, creating a numerical, non-transparent ranking
- Utility then accelerates disconnection of customers considered “high-risk”
- Likely employed by utilities throughout the U.S.
- Bottom line: Customers within the same rate class are treated differently, in violation of anti-discrimination provision of Public Utilities Act (Section 9-241).

Improving Affordability: Changes Needed

- **Ending the Punitive Approach to Credit and Collections**



Do your state's laws / rules incentivize disconnections?

- In order to recover “uncollectibles” (bad debt), a utility often must, as evidence of reasonable and prudent efforts to minimize and collect bad debt:
 - Issue late fees
 - Issue disconnection notices
 - Disconnect customers

See, e.g., IL PUA , 220 ILCS 5/16-111.8, 19-145

Flip the Incentives

- Let's switch from a punitive approach of utility revenue collection to one that:
 - prioritizes customer health and safety
 - doesn't punish people for being poor
 - doesn't ignore the roots and realities of the racial wealth gap
 - gives people a shot at affording their monthly bill

Flipping the incentive to disconnect while reducing bad debt

- providing financially struggling delinquent customers with information about opportunities to reduce the customers' bills through weatherization, energy efficiency, grants, energy assistance, levelized bills, and other possible bill-saving options, including payment plans and assistance programs, and how to reach agencies and community-based organizations in the communities that provide assistance;
- community engagement in areas demonstrating higher than average arrearages to help inform customers about available assistance programs; and
- specific action to limit disconnections in zip code and census tract areas that would otherwise be disproportionately impacted by the utility's credit and collection policies, including achievement of affordability metrics (if in a PBR regime), such as reducing disconnections in the top 20 zip codes with the highest disconnection rates;
- demonstrating that bill payment assistance funds have aided in the reduction of disconnections;

Flipping the incentive to disconnect while reducing bad debt

- Offer of a Commission-approved discount rate tariff tiered by income level or percentage of income payment plan program, for customers whose income falls at or below a designated income level;
- Couple discount rate with an arrearage reduction program that eliminates customer arrearages in ratable proportion for each month that plan participants timely pay their utility bill; and
- providing shareholder-funded bill payment assistance funds/

Ending the Punitive Approach to Revenue Collections

- What about the regulatory compact and the obligation to serve all persons within a service territory in exchange for the monopoly franchise?
 - Why do we, as a society, accept that some people should go without a service that we (and most state Public Utilities acts) agree is essential?
 - How can people “shelter in place” – during a pandemic or extreme weather – if their essential electric, gas (and water) services are shut off?
 - When we have payment policies built around the punitive threat of disconnection, how is that fulfilling the duty to serve all?

Needed:

Revisions to utility credit and collection procedures that promote continued access to essential utility service

- New credit and collection provisions that lock in more flexible, less punitive practices:
 - End discriminatory risk-ranking
 - Provide “bookend of life” protections to financially vulnerable customers
 - Improve summer moratorium protections to incorporate heat index assessments (IL HB 1541) and non-voluntary winter disconnection moratoria
 - Improve medical certification rules (Does the provision address the realities of illness in terms of the length of the protection? Does it provide certification access to a variety of health care providers?)
 - Provide robust discount rates for eligible customers
 - No disconnections of customers waiting to hear on LIHEAP applications
 - See IL HB 2172 – Key affordability bills

One example: The Peoples' Utility Rate Relief Act (HB2172)

- Two-prong approach to improving affordability and access to ICC decision-making
- Bill requires:
 - Incorporating assessment of affordability in ICC regulatory actions
 - Improved transparency in ICC annual reports
 - Required assessment of current credit and collections zip code-level reports to remedy disproportionate impacts on certain communities

The Peoples' Utility Rate Relief Act (HB2172)

- ❑ Requires an ICC assessment of credit and collection procedures to remedy disproportionate impacts on certain communities; and
- ❑ Revises the existing intervenor compensation statute to eliminate requirement that the Commission “adopt a material recommendation” argued by an intervening organization, and eliminates required showing of financial need so that community based organizations can exercise their right to have a voice at the Commission.

The Peoples' Utility Rate Relief Act (HB2172)

- Clarifies definition of low-income customer to include anyone whose income falls at or below 80% of area median income;
- Provides qualified, financially struggling customers a discounted rate – a commitment that the ICC has already recommended to the General Assembly should happen;
- Provides new protections from disconnection for financially vulnerable customers:
 - seniors (over the age of 65)
 - households with children 6 due to inability to pay

The Peoples' Utility Rate Relief Act (HB2172)

- Revises disconnection protections for medical conditions that permit renewals tied to a medical professional's certification and the length of the condition;
- Revises the terms of deferred payment agreements (DPAs) so that they're more affordable and reasonably structured;
- Halts disconnections of pending LIHEAP applicants – particularly given the fact that DCEO (the agency that oversees LIHEAP) reports that more than 90% of the applications for LIHEAP are processed as eligible;

The Peoples' Utility Rate Relief Act (HB2172)

- Incorporates a humidity heat index assessment in the summertime disconnection prohibition, along with a lower temperature moratorium trigger
- Mandates wintertime disconnection moratorium between December 1 and March 31 (now voluntary if temperature exceeds 32 degrees during that time period)
- Halts electric and gas utilities' current practice of accelerating disconnections of customers deemed at higher risk for nonpayment based on a black-box algorithm scoring system

QUESTIONS?

■ CITATIONS

- NCLC Report: *Protecting Seriously Ill Consumers From Utility Disconnections: What States Can Do to Save Lives Now*, C. Harak, O. Wein, February, 2021

https://www.nclc.org/wp-content/uploads/2022/09/Serious_Illness_Rpt.pdf

IL HB 2172 (People's Utility Rate Relief Act --

<https://www.ilga.gov/legislation/103/HB/PDF/10300HB2172lv.pdf>

Disproportionate impact on communities of color:

See <https://www.chicagobusiness.com/utilities/comed-cuts-1-25-households-black-south-side-neighborhoods> See also

<https://www.icc.illinois.gov/notice-of-inquiry/20-noi-01>, ComEd 20-NOI-01 Initial Comments, Appendix A

Attachment 02; See also [The incidence of extreme economic stress: Evidence from utility disconnections](#), S. Cicala, Tufts University, June 28, 2021, <https://www.stevecicala.com/papers/disconnections/disconnections.pdf>.

<https://www.aceee.org/sites/default/files/energy-affordability.pdf>

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SUMMER POLICY SUMMIT UPDATES



NARUC Summer Policy Summit, July 16 – 19, JW Marriott, Austin TX

- NARUC opened an abstract submission form in late February, with abstracts due by April 1
- 158 submissions were received, 28 of which were addressed to the Gas Committee
- Gas Committee will have six hour-long timeslots in Austin, which includes one business meeting (Monday afternoon) and one Natural Gas Technology Showcase (Tuesday morning)
- Staff Subcommittee on Gas has one timeslot on Sunday afternoon
- Subcommittee / Staff Subcommittee on Pipeline Safety will meet for two hours on Sunday morning



NARUC Summer Policy Summit, July 16 – 19, JW Marriott, Austin TX

- Session titles and moderators are due to NARUC Meetings by May 1
- Kiera will send the Gas Committee submissions to the committee lists this week
- Input from committee and staff subcommittee members is welcome!
Two options to provide feedback:
Email Kiera your top four selections by Friday April 21
or
Join a members-only Zoom meeting next Thursday, April 20 at 2:00 pm ET to share your ideas and hear from fellow members
- Chair Cordova will finalize the committee's four topics and submit to NARUC Meetings by the May 1 deadline



NARUC Summer Policy Summit, July 16 – 19, JW Marriott, Austin TX

- Coming up after May 1: finalize abstracts, invite speakers, and hold prep calls
- Thinking about a resolution? Please let us know!



Upcoming Dates

- April 20, 2:00 – 3:00 pm ET: Summer Policy Summit discussion
Calendar invite coming soon!
- April 21: deadline for email feedback for Summer Policy Summit topics
- May 1: deadline for committee topic selections and moderators
- Early May: registration opening for Summer Policy Summit
- May 15, 1:00 – 2:00 pm ET: next monthly Gas Committee call