



ENERGY EFFICIENCY FOR "AT RISK" UTILITY CUSTOMERS

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Democracy And Regulation
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“AT RISK” CUSTOMERS: WHO ARE THEY?

- DEFINED LOW-INCOME CUSTOMERS
- OTHER CUSTOMERS WHO CANNOT AFFORD THEIR UTILITY BILLS
- CUSTOMERS WITH HIGH LEVELS OF ARREARAGE
- AT RISK OF DISCONNECTION



WHO IS AT RISK?

- PPL (PENNSYLVANIA) SHUT OFF 78% MORE CUSTOMERS THIS YEAR THAN LAST
- MICHIGAN: 39% MORE SHUT-OFFS
- UTILITY ARREARS SKYROCKETING
- SMART METERS MAKE IT EASIER TO SHUT PEOPLE OFF



SOME SOLUTIONS

- LIHEAP (FUEL ASSISTANCE)
- UTILITY DISCOUNTS
- PIPP
- ARREARAGE MANAGEMENT
- LEVELIZED BILLING
- TERMINATION PROTECTIONS
 - WINTER / SUMMER MORATORIA



ENERGY EFFICIENCY CAN BE EFFECTIVE TOOL

- MAKE BILLS MORE AFFORDABLE
- KEEP CUSTOMERS CONNECTED
- PROVIDE EDUCATION ABOUT EE
- BUT – AT RISK CUSTOMERS CANNOT AFFORD WEATHERIZATION OR OTHER EFFICIENCY MEASURES



OUTREACH TO AT-RISK CUSTOMERS

- HOW TO ENSURE THEY GET SERVICES?
- UTILITIES PARTNER WITH TRUSTED COMMUNITY ORGANIZATIONS (CAAs) TO DO OUTREACH AND DELIVER MEASURES
- PUCs CAN BE CONFIDENT IN QUALITY CONTROL, TRAINING, WORKMANSHIP



“PIGGYBACK” ONTO DOE WAP

- CAAs DELIVER WEATHERIZATION AND EE TO LOW-INCOME CUSTOMERS IN EVERY COMMUNITY FUNDED BY DOE (WITH SOME HHS FUNDING)
- UTILITY FUNDING CAN GREATLY EXPAND THESE PROGRAMS



ARGUMENTS AGAINST UTILITY FUNDING

- <http://greenfield.fortunecity.com/tiger/6/pics/1-argument.jpg>





COUNTER ARGUMENTS

- Q: Why should some customers subsidize others?
- A. Every sector pays in – every sector gets back what they put in – there is no subsidy.

Saves all ratepayers money in reduced energy prices, reduced arrearage costs because it is easier to pay bills – so small ratepayer investment reaps dividends.



Besides . . .

- Ensuring everyone has access to affordable utility service benefits all ratepayers and society.
 - Prevent homelessness
 - Better health
 - Ability to work
 - Uninterrupted education
 - Lower utility bad debt, all rates



ARGUMENTS

- Q: Why weatherize low-income homes; isn't C&I efficiency more cost-effective?
- A: Using a societal cost-effectiveness test, LI Wx and EE are equally or more cost-effective – esp. if piggybacked onto DOE WAP.



ARGUMENTS

- Q: What about TOU meters? Aren't they better than Wx and EE to lower usage?
- A: Low-income families already use ~15% less electricity – not much left to cut down without hurting families unless invest in efficient equipment.



ARGUMENTS

- Q: Why not do a little in lots of homes, instead of a lot in one?
- A: Comprehensive treatment actually makes a difference in ability to pay bills.

Also prevents lost opportunities and need to return.



An Inconvenient Truth

- "Not everything that can be counted counts, and not everything that counts can be counted."

Albert Einstein





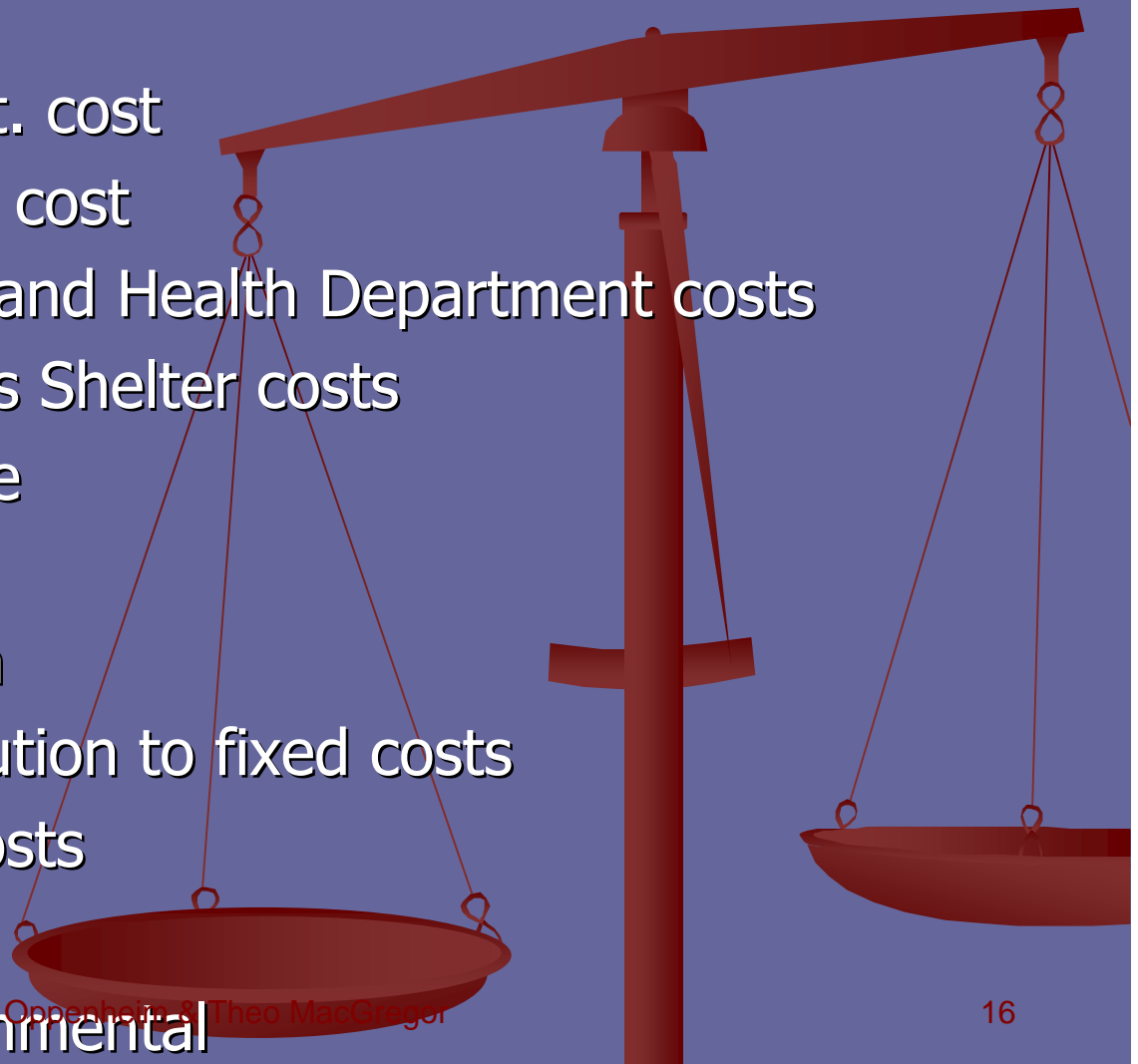
Non-energy benefits

- Reduce utility costs (arrears, shut-offs, collection, environmental credits)
- Reduce fire losses
- Avoid moving costs
- Reduce health costs
- Reduced water use
- Increased property value
- Increased participant comfort



More NEBs

- Taxpayer benefits
 - Reduced Fire Dept. cost
 - Reduced Medicaid cost
 - Reduced Building and Health Department costs
 - Reduced Homeless Shelter costs
 - Increased tax base
- Utility benefits
 - Demand reduction
 - Increased contribution to fixed costs
 - Reduced admin costs
- Societal benefits
 - Equity and Environmental





ECONOMIC DEVELOPMENT

- \$1 MILLION SPENT ON WEATHERIZATION AND ENERGY EFFICIENCY FOR AT RISK CUSTOMERS PROVIDES MORE ECONOMIC DEVELOPMENT POTENTIAL THAN BRINGING A MANUFACTURING PLANT TO YOUR STATE



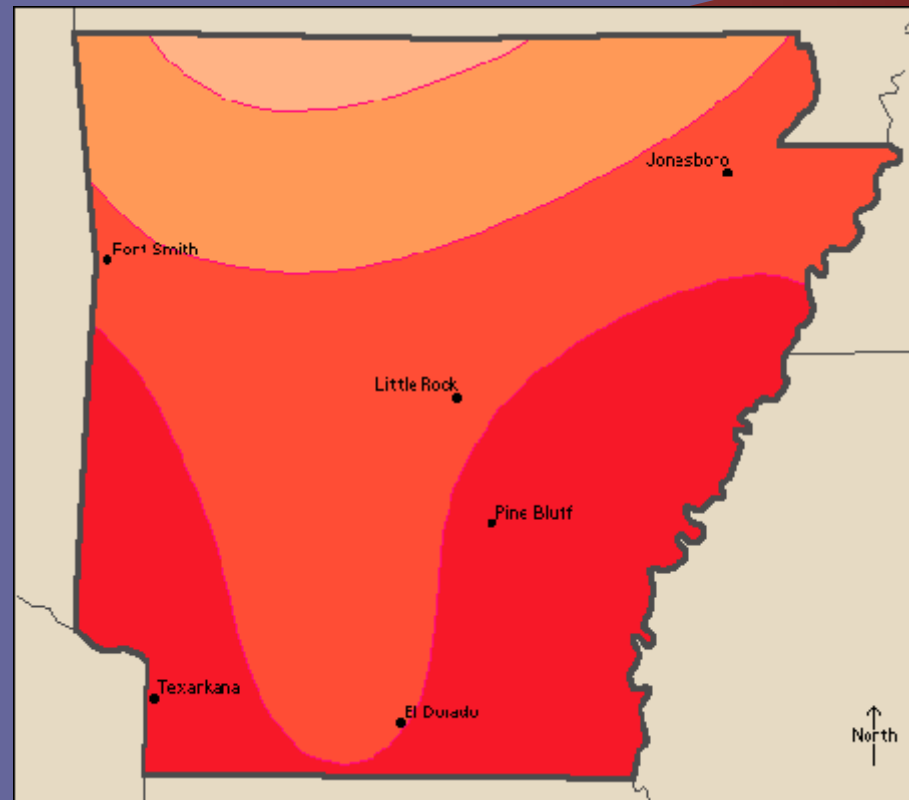
PLUS Low-Income Weatherization contributes to economy by reducing poverty

- Reduce low-income utility bills
- Prevent homelessness
- Uninterrupted education
- More money for food and medicine
- More jobs and ability to work
- Lower death rate
- Reduce crime costs



ARKANSAS IN JULY

- http://www.worldbook.com/wb/images/content_spotlight/climates/arkansas_july_map.gif





ARKANSAS: A CASE STUDY

THE CONTEXT

- Large low-income and working poor population
- "Social ratemaking" discouraged
- Large business customers opposed (except Wal-Mart)
- No electric restructuring / lots of co-ops
- 1977 Law allowed utilities to offer energy efficiency as a regulated service



ARKANSAS cont.

BACKGROUND

- We give presentations about low-income programs at NARUC meetings
- PUC Chair looks for help for low-income Arkansans after natural gas price spikes
- Entergy and AWG ready to go but need help
- ACAAA organizes state-wide energy forums, used media, pressured legislature



ARKANSAS cont.

REGULATORY PROCESS

- PUC Chair forms EE Collaborative with skilled facilitator
- Collaborative meets every other week for 3 months
- ACAAA (and we) lead small group toward consensus on weatherization program, with Entergy and AWG as lead utilities



ARKANSAS cont.

RESULTS

- Weatherization program for “severely energy-inefficient homes” developed through consensus
- Supported by all parties except large businesses
- Piggybacked onto DOE WAP; implemented by CAPs and other WAP providers



ARKANSAS cont.

- MORE RESULTS
- Low-income pays 0\$; non-L-I pays 50%
- Program approved by PUC with funding for on-going collaboration, "best practices"
- "Bullet-proof" order -- No appeal by businesses



ARKANSAS cont.

LESSONS LEARNED

- Efficiency, social welfare and economics are compatible
- Flexibility and creativity are key (e.g., target "severely energy-inefficient" rather than "low-income" homes)
- Process entails lots of meetings, conference calls, constant communication



Energy Efficiency Equals Economic Development.

Developed for Entergy by Jerrold Oppenheim and Theo MacGregor

Summary of Findings:

- Public policy can, and should, reverse the growth of poverty.
- State policies that confront the low income energy crisis are proven and extremely cost-effective tools against poverty.
- State-mandated energy efficiency supports families' transition from hopelessness to self-sufficiency.
- Fighting poverty generates economic development.
- Low-income energy efficiency is a particularly powerful source of economic development almost three times more powerful than alternative public investments in manufacturing plants.



Jerrold Oppenheim & Theo MacGregor

The Economics of Poverty:
How Investments to Eliminate Poverty
Benefit All Americans

Developed for Entergy by

Jerrold Oppenheim

Theo MacGregor

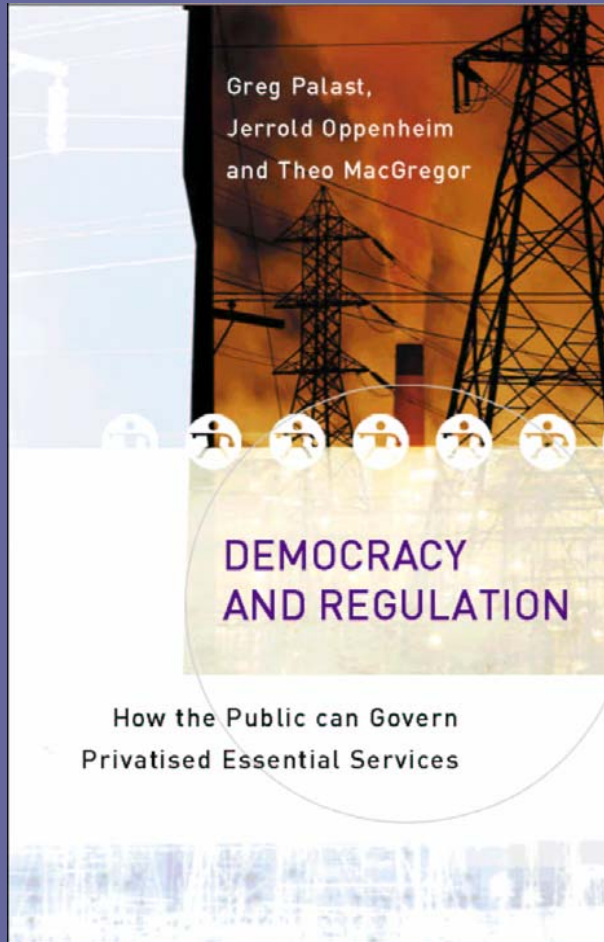


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ABOUT THE SPEAKER

Theo MacGregor served more than ten years with the Electric Power Division of the Massachusetts Department of Public Utilities. She is currently the sole proprietor of MacGregor Energy Consultancy, specializing in low-income, consumer protection, and energy efficiency issues for government agencies, low-income advocates, attorneys general, utility companies, consumer advocates, and others. She was Staff Co-Chair of the NARUC ERE Committee while at the DPU.

More information is available on her website, www.DemocracyAndRegulation.com.