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Fisher, Sheehan & Colton, Public Finance and General Economics

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NEWSLETTER ABSTRACTS SEPTEMBER 2000 – JUNE 2010

May/June 2010 Newsletter

Energy efficiency investments directed toward lower income households can serve an important affordable housing function in Pennsylvania. This issue explains how efficiency investments in first time home buyer programs can supplement other affordable housing programs in significant ways. An energy efficiency partnership directed toward first time homebuyers involves every stakeholder making a contribution and every stakeholder receiving a benefit.

March/April 2010 Newsletter

Utilities often seek energy efficiency strategies that leverage the benefits of utility expenditures beyond that which might otherwise be generated through a 100% funded, direct install utility program. This issue explains how Pennsylvania utilities might do that by promoting energy efficient utility allowances for the state's Section 8 housing units.

January/February 2010 Newsletter

Utilities unquestionably benefit from the delivery of federal LIHEAP assistance. This issue discusses an under-utilized energy assistance program, involving HUD utility allowances for public and assisted housing, that can provide both basic assistance for monthly bills and crisis assistance.

November/December 2009 Newsletter

In the world of utility collections, more is not always better. With shutoff notices in particular, several tests should be applied to determine the propriety of engaging in such activities. Utilities that over-notice the disconnection of service both impede the effectiveness of the notice and contribute to payment problems that need not exist.

September/October 2009 Newsletter

One consumer protection commonly inserted into state public utility commission regulations restricting the disconnection of service involves the protection of customers facing serious medical conditions. This issue discusses barriers to the effective use of medical certificates and how utility regulators should respond.

July/August 2009 Newsletter

Budget-billing is generally considered to be an effective tool for certain limited income customers to use in avoiding short-term arrears on utility bills. This issue identifies barriers that impede the use of budget billing and discusses how to address those barriers.

May/June 2009 Newsletter

Under the Food Stamp program's excess shelter deduction, to the extent that a household's total shelter costs exceed 50% of the household's income, the amount of the excess is deducted from household income. As income goes down, the amount of Food Stamps to which a household is entitled goes up. The Standard Utility Allowance (SUA) can be used to establish household utility expenditures irrespective of the

household's actual utility costs. This issue examines certain issues in setting SUAs to ensure that SUAs accurately capture the utility costs associated with households with high shelter costs.

March/April 2009 Newsletter

What constitutes a "best-in-class" low-income utility rate affordability program? This issue summarizes the findings of a 2008 FSC report that identifies best-in-class criteria and applies those criteria to eight different utility programs throughout the nation.

January/February 2009 Newsletter

The Iowa Utilities Board recently proposed regulations allowing electric utilities to install "service limiters" in the homes of customers who had defaulted on deferred payment plans. This issue reviews the comments of the Iowa Department of Human Rights explaining how and why such technology presents unreasonable health and safety risks to low-income customers.

November/December 2008 Newsletter

National Grid, a natural gas utility serving New England, recently proposed to double the monthly customer charge it charges residential heating customers. This issue explains the testimony filed on behalf low-income intervenors urging that the customer charge proposal is neither consistent with economic theory nor reflective of the fixed charges which small users impose on the utility system.

September/October 2008 Newsletter

Portland General Electric Company (PGE) recently proposed a revenue decoupling mechanism in an electric rate case before the Oregon state utility commission. This issue discusses why low-income intervenors, represented by the Community Action Partnership of Oregon (CAPO) opposed the decoupling proposal as contrary to the interests of low-income customers. It explains why CAPO urged that the PGE decoupling mechanism be disapproved or, if not disapproved in its entirety, what modifications should be ordered in the proposal.

July/August 2008 Newsletter

While it is universally acknowledged that home energy is an essential of modern life today, a recent study finds that the potential loss of home energy service either through involuntary disconnections or voluntary deprivation has public health consequences far beyond those historically discussed. This issue discusses the results of Iowa's inclusion of energy affordability questions in its 2007 Behavioral Risk Factor Surveillance System ("BRFSS") survey.

May/June 2008 Newsletter

Inverted block "Lifeline" rates present one mechanism for addressing rate affordability issues without special "low-income" rates. This issue discusses how to address a "hardship alleviation" objective through rates, while at the same time serving the public purpose of improving cost-reflectivity.

April/May 2008 Newsletter

Policymakers throughout the country have addressed a number of regulatory and legal issues that are common to programs in their adoption, design and implementation. This issue reports on the completion of a multi-state study of the authorization, design and evaluation of low-income programs in thirteen states.

January/February 2008 Newsletter

As residential customers in states that have adopted retail choice face substantial price increases arising due to the expiration of price caps that have protected customers for the past several years, increasing pressure will be brought to try to mitigate those price increases through the aggregation of low-income customers who receive benefits through a variety of fuel assistance programs. This issue explains how state experiences to date have found that fuel assistance programs and aggregation initiatives do not fit well together.

November/December 2007 Newsletter

The analysis presented summarizes an examination of selected low-income affordability programs currently in operation around the United States as determined by the author to be best-in-class. The purpose of the assessment was three-fold: (1) To articulate a set of standards by which to measure the design and operation of a low-income rate affordability program; (2) To identify a set of design decisions and implementation practices that favorably distinguish particular programs from their low-income counterparts in other states or service territories; and (3) To apply those standards, design decisions, and implementation practices to a set of programs to determine their prevalence among best-in-class programs.

September/October 2007 Newsletter

Increasingly, inverted block rates are being proposed by electric utilities and environmental advocates as a mechanism through which to provide incentives for customers to conserve power. This issue of the FSC Newsletter considers recent testimony finding, however, that such an inverted block rate structure will harm low-income consumers if the initial block is not appropriately structured.

July/August 2007 Newsletter

Three Indiana utilities have operated low-income rate affordability programs for the past three years. The objectives of the programs, was to respond to spiraling natural gas prices that resulted in corresponding increases in arrears, service disconnections, and bad debt. This issue examines the impacts that Indiana's low-income utility rate affordability programs did, in fact, have on the disconnection of service for nonpayment.

May/June 2007 Newsletter

State utility commission regulations almost universally require utilities to consider "ability to pay" in negotiating a deferred payment plan through which to pay an arrears. This issue of the FSC Newsletter considers multiple facets of "ability to pay" and concludes that "ability to pay" means more than simply "income."

March/April 2007 Newsletter

An increasing number of utility industry stakeholders are today recognizing the benefits of generating uniform annual reports of credit and collection data for all natural gas and electric utilities within a state. Based on its second year of reporting, the Coalition to Keep Indiana Warm identified a set of recommendations that would benefit both customers and companies. This issue summarizes a series of those recommendations.

January/February 2007 Newsletter

Energy efficiency investments can improve the affordability of low-income energy bills. This issue discusses how improvements in furnace efficiency will also generate substantial benefits to developers of affordable housing by preventing the diversion of household resources from paying housing costs to paying spiraling energy bills.

November/December 2006 Newsletter

Low-income utility rate discounts are designed to make bills more affordable. This issue presents evaluation results documenting the impacts on customer payments generated by two Indiana natural gas universal service programs.

September/October 2006 Newsletter

HUD utility allowances provide an important source of energy assistance to low-income tenants. This issue discusses how to evaluate the utility allowance provided by your local housing authority to determine whether the electric usage provided for indoor lighting is adequate.

July/August 2006 Newsletter

Spiraling fuel prices in recent years have given rise to state utility regulatory commissions finding a public health and safety crisis and ordering the public utilities in their jurisdiction to take emergency action in response. This issue examines the emergency actions taken by eight different state commissions.

May/June 2006 FSC Newsletter

Verizon telephone company recently proposed the implementation of a monthly late fee directed toward residential telephone customers in Massachusetts. Fisher, Sheehan & Colton (FSC) submitted comments opposing this fee to the Massachusetts Department and Telecommunications and Energy (DTE) on behalf of Boston's local community action agency, Action for Boston Community Development (ABCD). This issue summarizes those comments. The comments concluded that the proposed late fee was not justified on either cost or policy grounds.

March/April 2006 FSC Newsletter

Information with respect to the propriety of an automatic enrollment mechanism for telephone Lifeline service in light of privacy concerns over the use of information on participation in certain public benefits programs. For purposes of this issue, an "automatic enrollment mechanism" is considered to be any mechanism through which an electronic exchange of information between a local exchange telephone company and a state social services agency confirms the eligibility of public benefits recipients in the Lifeline program whether or not the information exchange is expressly authorized by the household. This issue explains why the electronic exchange of data can be performed for purposes of automatic enrollment as a "routine use" under federal privacy statutes.

January/February 2006 FSC Newsletter

As natural gas and electric prices continue to spiral, an increasing number of utility stakeholders -- government officials and industry staff as well as nonprofit energy service providers-- are taking notice of the affordability impacts that arise for low-income households. Many persons, however, while they can cite various stories of the adverse impacts of unaffordable energy on particular households, have never had occasion to develop a comprehensive Home Energy Affordability Needs Analysis. Fisher, Sheehan & Colton (FSC) presents a template of what such a needs analysis should contain.

November/December 2005 FSC Newsletter

In 2005, the Government of Ontario proposed to allow landlords to retrofit existing multi-family buildings with electrical sub-meters, thus taking electricity out of the rent and separately charging tenants for that service. This issue documents a number of areas of concern with that proposal and explains why policymakers should proceed cautiously prior to enabling landlords to sub-meter without the consent of tenants.

September/October 2005 FSC Newsletter

As state and local policymakers, in addition to nonprofit and public utility staff, seek to find additional ways in which to offer energy assistance to low-income customers facing crisis situations with home heating bills, consideration of the benefits of creating a statewide fuel fund is in order. This issue describes research prepared for the Iowa Community Action Association (ICAA) reviewing the operation of statewide fuel funds across the nation and providing answers to commonly asked questions.

July/August 2005 FSC Newsletter

The Iowa Utilities Board (IUB) has mandated that all Iowa utilities create a "customer contribution fund" through which utility customers may donate money to support private financial assistance for low-income households. Unfortunately, these customer contribution funds for Rural Electric Cooperatives have been less effective than perhaps they might be. This issue describes a proposal to increase funding by asking

REC customers to donate some or all of their annual patronage capital credits to their local customer contribution fund.

May/June 2005 FSC Newsletter

In an effort to quantify the need for energy assistance, Fisher, Sheehan & Colton (FSC) has developed a model that estimates the "home energy affordability gap" for the entire country. Introduced in April 2003 (using 2002 energy prices), FSC found in that initial Home Energy Affordability Gap analysis that the annual "affordability gap" reached roughly \$18.2 billion. In May 2005 (using 2004 energy prices), FSC released the third annual Home Energy Affordability Gap analysis. This issue describes how FSC found that the shortfall between actual home energy bills and affordable home energy bills had increased to \$20.1 billion, an increase of eleven percent (11%) in just three years.

March/April 2005 FSC Newsletter

One issue that faces a local government seeking to establish a water affordability program is how to define what level of water bills is "affordable." This issue reviews existing literature on defining what "water burden" (bill as percent of income) is considered "affordable," particularly with reference to the work of the National Drinking Water Advisory Council's Small Systems Working Group.

January/February 2005 FSC Newsletter

In recent years, the unaffordability of water/sewer bills in the City of Detroit has become a substantial problem. To address these issues, in January 2005, FSC presented a proposed water affordability program to the Detroit Water and Sewerage Department (DWSD) on behalf of the Michigan Poverty Law Program/Michigan Legal Services and their clients. This issue describes that water rate affordability program presented to DWSD.

November/December 2004 FSC Newsletter

State and local jurisdictions receiving federal funds through the Community Development Block Grant (CDBG) or HOME Investment Partnership (HOME) programs must file planning documents with HUD called Consolidated Plans. This issue describes comments that FSC filed in six different states urging the respective states to include a discussion of energy prices in their Consolidated Plans. In addition, in each state, FSC recommended three specific remedies for the state to include as a "strategy" to combat the adverse impacts that rising energy prices have on affordable housing programs.

September/October 2004 FSC Newsletter

Households living with incomes between 135% and 150% of the Federal Poverty Level lack sufficient resources to obtain affordable telephone service without Lifeline assistance. This issue describes comments prepared by FSC on behalf of NASUCA describing why the Federal Communications Commission should increase Lifeline income eligibility from 135% to 150% of the FPL.

July/August 2004 FSC Newsletter

Large natural gas users directly contribute to the unaffordable natural gas heating prices faced by the poor. This issue explains testimony presented by FSC explaining why the industrial use of natural gas, as well as spiraling use of gas in electricity generation (used largely by industrial and commercial customers), are substantive contributors to the unaffordability of winter heating fuels used by low-income residential consumers.

May/June 2004 FSC Newsletter

More than a quarter million Missouri households face a daily struggle to cope with energy poverty - an excessive energy cost burden that frequently affects their health and well-being. This issue explains an FSC study for the National Low-Income Energy Consortium (NLIEC) that documents how, in addition to

threatening the ability to retain service, unaffordable home energy contributes substantially to hunger, inadequate housing, educational underachievement, health and safety dangers, and the inability to retain employment among low-income Missouri consumers.

March/April 2004 FSC Newsletter

Some state utility commissions limit enrollment in the state's telephone Lifeline program to those low-income households that do not subscribe to vertical services in addition to basic local service. This issue reviews a report prepared for the Pennsylvania Office of Consumer Advocate documenting that low-income households carefully budget their telecommunications expenditures without such prohibitions. The report further looks at the special need that low-income disabled customers have for vertical telecomm services and at how a waiver of a prohibition on such services might be mandated as a "reasonable accommodation" under the federal Americans With Disabilities Act (ADA).

January/February 2004 FSC Newsletter

Missouri Gas Energy (MGE) customers receiving energy assistance through that company's Experimental Low-Income Rate (ELIR) improved their payment patterns relative to low-income customers that did not receive such rate assistance. This issue explains FSC's evaluation of the ELIR program, and examines how the ELIR affected the completeness, timeliness, and regularity of payments.

November/December 2003 FSC Newsletter

In June 2003, the U.S. Department of Housing and Urban Development (HUD) published a revised Public Housing Occupancy Guidebook, adopting virtually all of the modifications relating to the calculation of utility allowances proposed by FSC. This issue presents the new modifications relating to utility allowances included in the revised HUD Guidebook and reviews the factual and policy basis for proposing the modifications in the first instance.

September/October 2003 FSC Newsletter

In determining income eligibility for low-income energy assistance programs, including rate affordability and rate discount programs, public utilities may not count the value of Food Stamps received by a low-income household as "income." This issue presents FSC's analysis of the applicability of the federal Food Stamp statute, which provides that "the value of benefits that may be provided under this chapter. . . shall not be considered income or resources for any purpose under any Federal, State or local laws, including but not limited to, laws relating to taxation, welfare, and public assistance programs, and no participating State or political subdivision thereof shall decrease any assistance otherwise provided an individual or individuals because of the receipt of benefits under this Chapter."

July/August 2003 FSC Newsletter

In an effort to quantify the gap between "affordable" home energy bills and "actual" home energy bills, Fisher, Sheehan & Colton (FSC) has developed a model that estimates the "home energy affordability gap" on a county-by-county basis for the entire country. FSC found that the annual "affordability gap" for 2002 reached roughly \$18.2 billion and that federal fuel assistance provided through the Low-Income Home Energy Assistance Program (LIHEAP) covered just a fraction of that gap.

May/June 2003 FSC Newsletter

The delivery of low-income energy efficiency assistance can serve an important affordable housing function in Colorado. This issue describes a recent FSC analysis which found that efficiency investments can: (1) increase the number of low-income households that qualify for first time home ownership opportunities, holding income and purchase prices constant; (2) increase the value of the home (and thus presumably the size or quality of the home) that a low-income first time home owner can afford to buy, holding income constant; and (3) provide substantial economic subsidies to first time homebuyers not only

by providing positive cash flow on a month-to-month basis, but also by effectively reducing interest rates or effectively reducing the overall purchase price of the home.

March/April 2003 FSC Newsletter

The delivery of low-income home energy assistance in Colorado provides a wide range of economic benefits to the state. Frequently thought of exclusively as a way to prevent unpaid utility bills, and to preserve service against termination for nonpayment, in fact, low-income energy assistance can also be viewed as a strategy to promote economic development and employment (particularly in low-income communities). Energy assistance serves as an economic stimulant for the Colorado economy in three distinct ways. In total, the Fiscal Year 2002 distribution of energy assistance in Colorado: (1) created more than \$103 million in economic activity; (2) generated more than \$37 million in added earnings for Colorado workers; and (3) supported more than 2,300 jobs for the state.

January/February 2003 FSC Newsletter

Low-income utility payment problems have a discernible empirical link to both temperature and energy prices. This issue discusses an FSC study, based on 46 months of data from the State of Iowa, that documents the link between high energy prices, cold temperatures and low-income payment troubles. The study then presents an FSC model that projects the change in payment patterns based on changes in temperature and prices and assesses the cost impacts to a utility from protecting against those changes through a "capped bill" program.

November/December 2002 FSC Newsletter

Pre-conditioning the extension of Iowa's winter shutoff moratorium on the receipt of federal fuel assistance has the effect of disproportionately denying winter health and safety protections to Iowa's Hispanic community. While not doing so overtly, the requirement that the winter utility shutoff moratorium extends only to households certified eligible for LIHEAP has the effect of excluding Hispanics at a rate that is much higher than is merited by their presence in the Iowa population. As a result, the statute may run afoul of explicit federal prohibitions banning discrimination based on race in the extension of consumer credit.

September/October 2002 FSC Newsletter

Customers of a municipal water utility have the right to be offered deferred payment arrangements through which to pay their arrears, even if that utility is not regulated by a state public service commission. This issue explains three rationales for requiring a municipal water utility to offer deferred payment arrangements: (1) payment plans are required by the utility's contract with its customers; (2) payment plans are required by the commercially reasonable standards of the utility trade; and (3) disconnecting utility service without offering a payment plan is an "unfair" trade practice under state statutes.

July/August 2002 FSC Newsletter

When state legislatures and public utility commissions adopt programs to redress the unaffordability of home energy, the question of which other customers may legitimately be called upon to pay for such programs presents itself. This analysis considers why all customer classes should bear some responsibility for a share of any charge that supports affordability programs. These charges may involve a system benefit charge imposed on all customer classes. They may alternatively be imposed by the allocation of the costs of such programs over the rates of all customer classes.

May/June 2002 FSC Newsletter

Home energy bills represent one of the highest annual expenditures in a consumer's budget. Consumers devote roughly 20% of their total shelter expenditures, and 7% of all household expenditures, to utility service. This issue discusses how a buying club for consumers that use fuel oil as their primary heating source can reduce consumer bills by hundreds of dollars of per member per year, while at the same time

generating a financial surplus for the buying club that can be used for initiatives such as low-income fuel assistance and/or weatherization.

March/April 2002 FSC Newsletter

Standard regulations adopted by utility regulators around the country provide that a utility shall take into account "ability to pay" in deciding what payment plans are "reasonable." The phrase "ability to pay" is often treated as being synonymous with "level of income." This issue documents why taking into account the "ability to pay" should involve more than simply taking into account income level. The stability of income is one additional aspect of ability-to-pay, particularly for the working poor.

January/February 2002 FSC Newsletter

Public utilities often argue that a moratorium on winter utility shutoffs results in customers stopping or substantially reducing the payments which they would otherwise make toward their winter bills. This issue discusses an FSC study, based on 38 months of utility payment records from roughly 3,000 LIHEAP recipients in central and northwest Iowa, which finds that the data does not support the conclusion that Iowa's low-income customers stop making their winter bill payments when protected by a winter shutoff moratorium.

November/December 2001 FSC Newsletter

The inability to pay for home energy service generates substantial fire hazards for low-income households. This issue documents the relationship between low-income status and fire deaths, injuries and property damage attributable to home heating equipment. It discusses a role for the insurance industry in helping to provide low-income fuel assistance.

September/October 2001 FSC Newsletter

At the end of the 2000/2001 winter heating season, at least 4.3 million low-income households were at risk of having their power cutoff because of an inability to pay their winter home energy bills. This issue discusses how promotion of the federal Earned Income Tax Credit (EITC) by public utilities can bring additional resources to bear on unpaid utility bills, thus helping both low-income customers and the utility companies which serve them.

July/August 2001 FSC Newsletter

Utility companies today are pushing to place more and more customers on meters that require customers to pay in advance. This issue assesses the efficacy of prepayment meters for low-income households in accomplishing household budgeting and energy usage reduction goals. It documents the existence of "hidden shutoffs" generated by the use of prepayment meters in Great Britain.

May/June 2001 FSC Newsletter

The extent to which low-income customers have higher or lower energy consumption than residential customers as a whole has significant utility rate design implications. This issue presents the available national and regional data on the relationship between income, home energy consumption, and home energy expenditures. It documents that low-income customers as a whole have substantially lower energy consumption than do customers on average.

March/April 2001 FSC Newsletter

When utilities provide refunds of overcharged monies, the question arises of whether the customers receiving the refunds are the same customers who paid the overcharges in the first instance. This issue documents how, because of their disproportionate mobility, low-income households disproportionately miss the refunds to which they are entitled and suggests the use of cy pres principles to justify a set-aside of rate refunds for low-income programs.

January/February 2001 FSC Newsletter

Identifying low-income households and being able to deliver education and outreach to them is important, whether for purposes of LIHEAP, or utility-funded low-income rates, or consumer protections. This issue identifies a host of potential outreach and education partnerships, ranging from free and reduced school lunch programs, to the delivery of child immunizations, to the delivery of smoke detectors in "distressed" communities.

November/December 2000 FSC Newsletter

The provision of utility allowances to residents of public and assisted housing subsidized through the U.S. Department of Housing and Urban Development (HUD) is a major source of energy assistance to low-income households. These utility allowances, however, systematically underpay tenants for their hot water consumption. This issue identifies and evaluates factors to be used in determining an appropriate level of assistance to be paid for hot water.

September/October 2000 FSC Newsletter

Sharp escalations in home energy bills can be used to increase a low-income household's receipt of Food Stamps each month. This issue explains the process for calculating the utility cost component of the "excess shelter deduction" used in determining a household's eligibility for Food Stamps as well as the level of Food Stamps to which a household is entitled.