



A National Multi-Sponsor Study of Ratepayer Funded Low-Income Programs

Project Description

APPRISE is teaming up with Fisher, Sheehan, & Colton to conduct a national study of ratepayer funded low income programs. This study will furnish guidance on the legal and regulatory framework needed to support these programs and will document the best practices with respect to program design and implementation.

The study will offer sponsors the opportunity to obtain important information about program design and implementation for a fraction of the cost of a stand-alone project. We will include a sponsor's ratepayer funded program in the set of programs reviewed and will furnish each sponsor with a special report on strategies for designing a new program and/or enhancing their existing portfolio of programs.

The results of this study will be presented at the 2007 NLIEC meeting in Nashville, Tennessee.

Purposes

This study is intended for state LIHEAP and WAP policymakers and program managers, low income advocates, utility commissions, and utility program managers. It seeks to develop information on two key issues with respect to ratepayer funded low income programs.

- Legal and regulatory framework – The study will examine the legal and regulatory framework within which ratepayer funded low income programs have been developed. The study will:
 - Identify the legal and regulatory terminology that most clearly stipulate and justify the creation of ratepayer funded low income programs.
 - Furnish examples of well defined program scopes, clear statements of service delivery parameters, and effective identification of the expected program outcomes and performance measurement procedures.
- Design and implementation – The study will examine the design, implementation, and performance of ratepayer-funded low-income programs. By using direct evidence from research and evaluation reports, the study will:

- Identify the options for designing programs and will discuss the effectiveness of each program design in addressing state-specific program goals.
- Examine the incentives that each program design furnishes to low income households and use the findings from research and evaluation studies to document the how those incentives affect household behaviors.
- Document procedures for coordinating different types of ratepayer funded low-income programs (rate affordability, arrearage reduction, and usage reduction) and assess the effectiveness of coordination efforts.
- Assess the need for coordinating ratepayer funded programs with programs funded by other sources, including LIHEAP, WAP, and state funded program supplements.

The research will give interested parties the information and tools that they need to address issues related to low income energy affordability at the state level. For those states in which no program currently exists, the study will identify the possible alternatives for establishing program funding and for designing programs. For those states with an existing portfolio of programs, the study will help program managers and policymakers to identify what program changes might lead to greater levels of program performance.

Background

Over the last 20 years a wide array of ratepayer funded low income programs have been implemented through a variety of legal and regulatory mechanisms. This experience furnishes a rich laboratory for developing a better understanding of how well these programs serve the needs of low income customers and what they cost other ratepayers. For most programs, extensive legislative and regulatory hearings determined the principles on which the programs were established. Many of these programs have had one or more evaluations that examined the program performance with respect to a range of program objectives. However, there is no existing research that furnishes an inventory of these programs, compares and contrasts the legal and regulatory framework, and assesses how different program designs and implementation strategies lead to different program outcomes.

Project Team

This project brings together two of the leading national experts on ratepayer-funded low income programs to systematically examine these programs in a way that will give clear direction to policymakers and program managers on best practices.

- APPRISE – Starting in 1989, APPRISE staff conducted ground-breaking research on the PGW Energy Assurance Program and the Niagara Mohawk Power Partnerships Program. These were two of the first ratepayer funded programs explicitly designed to address the needs of low income utility customers. Since that time, David Carroll and Jackie Berger have conducted

more than 20 research and evaluation studies of ratepayer funded low income affordability and usage reduction programs, including recent evaluations of the New Jersey USF program, the Ohio Electric Partnership Program, the PECO CAP Rate Discount program, and PPL's WRAP program.

- Fisher, Sheehan & Colton – Roger Colton has worked with state and local governments, with the federal government, with natural gas, electric, and water utilities, and with community-based organizations in more than 35 states and Canadian provinces on the design, implementation, and funding of low-income affordability programs. He authors the annual Home Energy Affordability Gap and created the Home Energy Insecurity Scale, two tools that help researchers and policymakers to get a better understanding of the energy needs of low-income households. He was a recipient of the 1998 NLIEC individual achievement award for career accomplishment in low-income energy issues and the 2001 Sister Pat Kelly Award from NFFN for his career-long work to help create and support fuel funds nationwide.

APPRISE and Fisher, Sheehan, and Colton have collaborated on several previous research projects. They worked with the Federal LIHEAP Office and the LIHEAP Steering Committee on Managing for Results to conduct research on the issues related to the coordination of ratepayer funded and publicly funded low income programs. They also have worked together on the development of the energy insecurity scale that can be used to examine the broader implications of energy affordability for low income households.

Study Sponsorships

The research proposed here will benefit the entire community of low income energy consumers and related service providers. By developing information on the best practices with respect to the regulatory framework for and design of ratepayer-funded low-income programs, we can expect improvements in the effectiveness of such programs for low income households, as well as for other ratepayers. For that reason, we expect that certain national organizations will be interested in sponsoring the study. However, certain organizations have an even more immediate need for this research, since they are in the process of developing or modifying ratepayer funded low income programs. To address these different needs, we have identified two different levels of sponsorship.

Sponsor – *A study sponsor will contribute \$10,000 to the study and will receive the following benefits.*

- *Input and Updates* – *Each sponsor will be given the opportunity to furnish input to the research design and will receive regular updates on the study findings.*
- *Program Review* – *Program(s) operated by a study sponsor will be included in the research study.*

- *Program Report – Each study sponsor will receive a special report on alternatives for adopting best practices in the context of the partner’s existing portfolio of ratepayer and publicly funded programs.*
- *Prepublication Workshop – Each study sponsor will be given the opportunity to attend a prepublication workshop on the findings from the study.*

We expect that study sponsors will be state LIHEAP and WAP program managers, managers of ratepayer funded programs, and advocacy organizations focused on a specific regulatory jurisdiction.

Contributor – *A study contributor will contribute \$5,000 to the study and will receive the following benefits.*

- *Input and Updates – Each contributor will be given the opportunity to furnish input to the research design and will receive regular updates on the study findings.*
- *Prepublication Workshop - Study contributors will be given the opportunity to attend a prepublication workshop on the findings from the study.*

We expect that study contributors will be national organizations that have a broader interest in ratepayer funded low-income programs, but are not focused on a specific regulatory jurisdiction.

Dissemination Forum – *Any study sponsor or contributor can request that the research team conduct a one-day Forum on-site to disseminate the results of the study to interested parties in their jurisdiction. The forum will include a general presentation of the findings and a workshop with interested parties to explore program design options for the targeted jurisdiction. The cost of a dissemination forum is \$5,000 plus travel expenses.*

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