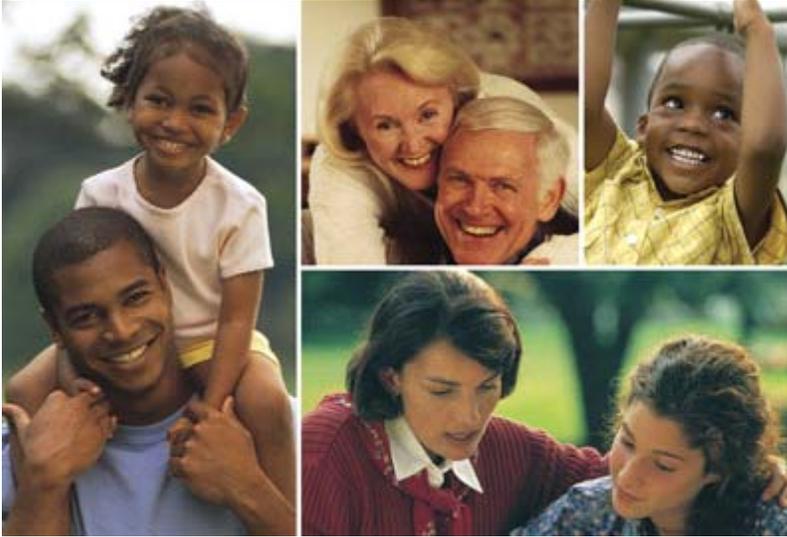


Improving Energy Assistance in Illinois



PEOPLES
ENERGY

Improving Energy Assistance in Illinois

THE NEED FOR REFORM

- Growing need for energy assistance
- 789,000 Illinois households qualify
- 300,000 receive assistance
- Low-income customers pay 17% of monthly income towards energy bills
- General population pays 3-6% of monthly income towards energy bills

Improving Energy Assistance in Illinois

Gas Price Volatility

- Prices are higher nationally
- National issue that needs a long-term, national solution
- Energy bill stalled in Congress
- Customers experiencing higher bills
- Larger portion of income goes to utility bills

Improving Energy Assistance in Illinois

Utilities Work to Dampen Impact

- Promote energy assistance / weatherization
- Promote payment and budget plans
- Promote energy efficiency services
- Provide supplemental assistance
- Use strategies to stabilize prices

Improving Energy Assistance in Illinois

Impact on Customers

- More than 10% of income towards energy bills is not sustainable
- Average LIHEAP recipient in Illinois pays more than 30% of total income towards energy bills
- After LIHEAP, the energy burden in Illinois is 17% -- still too high

Improving Energy Assistance in Illinois

Impact on Utilities

- Increase in uncollectible expense and mounting debt
- Illinois utilities faced uncollectible expenses
 - \$87 million in 2000
 - \$154 million in 2001
- Disconnection is the last resort
- Costly for utilities and customers

Improving Energy Assistance in Illinois

LIHEAP Administration

- Transfer from DCEO to Dept of Public Aid on July 1
- Program runs September 1 to May 31
- 2 types of grants:
 - Direct Vendor Payments (DVP) - to pay arrearages
 - Emergency Services (ES) - for reconnection of service
- Peoples customers apply at one of 100 CEDA intake sites



Improving Energy Assistance in Illinois

LIHEAP Reach

- 40% of eligible households receive LIHEAP
- Grant amounts do not meet customers' full needs
- Need far outweighs available funds
- Many are left struggling to pay energy bills

Improving Energy Assistance in Illinois

LIHEAP funding breakdown (in millions)

	<u>2001</u>	<u>2002</u>	<u>2003</u>
Federal Appropriated	\$ 83.25	\$ 83.25	\$ 84.10
Federal Emergency	\$ 32.17	\$ 7.10	\$ 7.48
State	\$ 69.13	\$ 65.30	\$ 65.00
Total Funding	\$184.55	\$155.65	\$156.58

Improving Energy Assistance in Illinois

Grant Information for Peoples Energy Customers

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
LIHEAP Recipients	49,901	80,316	75,202	86,931	72,036
AVERAGE Grant	\$378	\$488	\$452	\$389	\$476



Improving Energy Assistance in Illinois

Lengthy Application Process

- Recipient applies at an intake site
- Intake site sends to CEDA
- CEDA verifies amount owed with utility
- Utility transmits commitment amount to CEDA
- CEDA replies to utility with eligibility
- CEDA sends letter to customer informing them of grant status (received or denied) and the amount they are eligible for

For ES grants only:

- If disconnected, customer has 14 days to pay commitment amount. After payment is received, service is scheduled to be restored.

Improving Energy Assistance in Illinois

Utility Sponsored Fuel Funds Supplement LIHEAP

- All utilities in Illinois offer a fuel fund
- Peoples Energy Share the Warmth program
 - Funds are donated from customers and employees
 - Donation are matched by the company
 - Program is managed by the Salvation Army
 - Provide matching grants up to \$200
 - Helped 1,300 in 2003



Improving Energy Assistance in Illinois

Enhanced Peoples Energy Share the Warmth program

- In 2004, shifted to a matching pilot program
- 3,000 customers received grants – a record number!
- Customers stepped forward to pay their share

RESULTS:

- The program provided an incentive for payment
- Customer arrearages were reduced
- Customers took responsibility for payment on their bill



Improving Energy Assistance in Illinois

Good Samaritan Fund

- Legislation passed last year
- State working to implement fundraising
- Utilities including donation solicitation to customers in July bills.
- Funds are intended to help residents in County where money is raised.
- State working on developing process to distribute funds

Improving Energy Assistance in Illinois

NEXT STEPS – FINANCIAL ASSISTANCE WORKSHOPS

- Roundtable discussions across the state with all stakeholders
- Should include local and national experts

Improving Energy Assistance in Illinois

NEXT STEPS – FINANCIAL ASSISTANCE WORKSHOPS

Topic: Enhanced Energy Assistance Program

- Increase level of assistance to recipients
- Public / private partnerships
- Increased personal responsibility
- Increased weatherization

PEOPLES
ENERGY.

Improving Energy Assistance in Illinois

NEXT STEPS – FINANCIAL ASSISTANCE WORKSHOPS

Topic: Increase Available Funds

- Check box on tax returns to donate
- Escheated funds
- Rate refunds
- Meter Charge
- Supplemental Income (i.e EITC, Tax relief, etc.)

Improving Energy Assistance in Illinois

NEXT STEPS – FINANCIAL ASSISTANCE WORKSHOPS

Topic: Streamlined LIHEAP Administration

- Use of historical data for pre-approval
- Outreach to eligible customers
- New computer system
- Daily transmissions of files from CEDA to utility

Streamlined LIHEAP Application

- Combine application process with other assistance programs (i.e. welfare, food stamps)
- “One-stop-shop”

PEOPLES
ENERGY.

Improving Energy Assistance in Illinois

NEXT STEPS – FINANCIAL ASSISTANCE WORKSHOPS

- Topic:** Investment from LIHEAP recipient
- Minimum payment requirement
 - Incentives to encourage regular payments
 - Enroll in Budget Plan

Improving Energy Assistance in Illinois

NEXT STEPS – FINANCIAL ASSISTANCE WORKSHOPS

Topic: Flexibility to respond to customers who can afford to pay but won't

– Utilities must have tools to combat growing bad debt.

Amend administrative rules:

- Deposits for customers with poor payment history
- All adult residents in a household held responsible for paying the bill
- Disconnection notices remain effective until service is terminated or a customer pays outstanding bills

PEOPLES
ENERGY.

Improving Energy Assistance in Illinois

THE PROPOSED SOLUTION SHOULD

- Involve utilities, government and community groups
- Simplify application / administration of LIHEAP
- End disconnection / reconnection cycle
- Expand grant levels
- Require financial investment from recipients

Improving Energy Assistance in Illinois

THE PROPOSED SOLUTION SHOULD

- Include education on managing and reducing bills
- Include direct outreach to low- and fixed-income residents
- Link Public Aid with other State agencies
- Allow flexibility for collection activities