stBEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of a Working Case to Consider	**)**	
Establishment of a Low-Income Customer	**)**	
Class or Other Means to Help Make Electric	**)**	**File Nos. EW-2013-0045**
Utility Services Affordable	**)**	**GW-2013-0046 and**
	)	**WW-2013-0047**

SAINT LOUIS UNIVERSITY SCHOOL OF LAW CHILD ADVOCACY CLINIC'S COMMENTS REGARDING THE NEED FOR A LOW-INCOME CUSTOMER CLASS AND ADDITIONAL ENERGY ASSISTANCE

In response to the Commission's August 2, 2012 invitation for informal comments from stakeholders concerning ways to reduce the financial burden on low-income customers while providing a fair and adequate return to the regulated unities, St. Louis University School of Law Child Advocacy Clinic and members of the St. Louis Children's Health Advocacy Project provide the following comments.

Low-income families will be greatly impacted by this rate increase

With the rising costs of home energy in Missouri and the continual rate increases that have been granted to utility providers, many Missourians are forced to make difficult and hazardous choices concerning their health every day. Various groups of Missourians are especially impacted by these rising energy costs, including children, disabled persons, elderly persons, and low-income families. Substantial and compelling evidence indicates that factors such as energy costs have a profound impact on the health and well-being of Missourians.

Children and Families in poverty face energy insecurity

St. Louis Children's Health Advocacy Project is a medical-legal partnership between Saint Louis University School of Law Child Advocacy Clinic, Legal Services of Eastern Missouri, Children's Hospital, Cardinal Glennon and Grace Hill Medical Center. This partnership serves low-income families holistically by providing free medical and legal services. It is clear from our work that our clients are greatly affected by energy insecurity which negatively impacts their health and creates legal issues. These are a few of their stories:

Ms. Ebert is a single mother of two: a three year old son and a six year old daughter with Autism. She lives in south St. Louis city in a four family flat. The apartment is poorly insulated and her utility bills are very high. She works part-time as a home health worker and makes just enough to meet her families basic needs. Her monthly income is $1516.66. Expenses for this family are as follows: 1) rent is $550; 2) electric is approximately $150; 3) gas runs approximately $40; 4) food bill is $385 and 5) transportation costs are $100.

Mrs. Franks recently left her abusive husband with her two children (ages fifteen and twelve) and moved into an apartment. Her oldest child has a brain tumor and receives Social Security Disability benefits. Mrs. Franks has tried looking for employment, but cannot find stable work due to her daughter's frequent medical needs. Her ex-husband refuses to pay child support. Her monthly income is $698. Her expenses are as follows: 1) rent is $450; 2) electric is approximately $126; 3) gas is $30; 4) food is $340 and 5) transportation runs around $200.

Mr. Ray is recently laid off from work at Pizza Hut where he made $7.50 an hour. He receives a cash grant from the state of Missouri through the TANF program (Temporary Assistance for Needy Families) to help him care for his four year old child who struggles with a language impairment. Due to being unemployed, he is very behind in his utility payments and the electricity and gas services have been disconnected. He went to a social service agency for funding, but they have not processed his application. His current monthly income is $248. His expenses are as follows: 1) rent is $400; 2) electric runs $637 (arrears); 3) gas is $279 (arrears); 4) food is $243 and 5) transportation is a $25 weekly bus pass, when he can afford it.

Johnnie is a young man in foster care soon to age out of the system at 21 years old. He will receive $698 a month from social security-disability for a mental illness, food stamps (SNAP) and will qualify for low income housing, but will be on a wait list that is two years long. His medication will have a co-pay of $50.00 a month. He is growing everyday and needs new clothes and shoes.

Health Impact of Rising Energy Costs on Missouri Residents

According to a report titled *Unhealthy Consequences: Energy Costs and Child Health*, the Child Health Impact Working Group made several findings: 1). there is a growing gap between rising energy prices and LIHEAP benefits resulting in more families accumulating substantial unpaid utility bills, leading to arrearages and disconnections that adversely affect child and family well-being; 2). low income families facing disproportionately high energy costs are forced to make household budget trade-offs that jeopardize child health, 3). families facing high heating costs resort to alternative heat sources that jeopardize child health and safety, 4). and high energy costs combined with unaffordable housing create important budget constraints that force low-income families to endure unhealthy housing conditions that threaten child health.

According to a survey performed in 2009 by the National Energy Assistance Directors Association (NEADA) of LIHEAP participants, 78% of respondents reported they were forced to reduce expenses for household necessities due to excessive energy bills. This number has remained roughly constant in every survey the NEADA has performed since 2003. According to the survey, 1/3 of respondents took the extremely dangerous option of using their kitchen oven or stove to provide heat when they could not afford their energy bill. These respondents were people who were already beneficiaries of LIHEAP aid.

In 2009, the Missouri Energy Analysis found that 14.6% of Missouri's population lived below the Federal Poverty Guidelines (hereinafter "FPL.") A 2004 study of Missouri by the National Low Income Energy Consortium found that Missouri households with incomes below 50% of the federal poverty level pay more than 38% of the annual income towards their home energy bills. They also found that roughly 45% of households surveyed in energy poverty went without food or failed to take prescribed medicine in order to pay energy bills. A more recent study in 2010 (Missouri Energy Analysis) found that for households with incomes less than $10,000, 66% of their income went towards energy costs. This is a result of energy costs staying fairly consistent for Missouri residents across various income levels, forcing those with less income to pay a higher percentage of that income towards energy bills.

In order to be eligible for Missouri's LIHEAP funding, families have to be at or below 135% of the FPL, which is roughly $31,000 per year. The average annual residential energy cost for Missouri families with incomes less than $30,000 per year was roughly $1700 per year. According to LIHEAP.org, the average LIHEAP aid in 2011 for Missouri families was $199. This is roughly 12% of their energy bill. While this aid is helpful to families, it is clearly not enough to make of an effective change to their situation.

United Way's 2-1-1 Summary Report for 2011 reported that Electric Bill Assistance was 20% of all calls (the largest percentage of all calls); with another 6.5% calling about Gas Heating assistance. Roughly 36% of callers for Electric Bill Assistance were unable to be helped due to agencies being out of funds. Liheap.org reported that in 2011, only 25% of eligible households in Missouri were LIHEAP assistance.

Missouri Programs Already in Effect

Missouri has various assistance programs; LIHEAP, Ameren's *Keeping Current* and *Dollar More* to aid low-income families with high home energy costs, but these programs only provide a portion of home energy costs to a small number of Missouri residents compared to the total amount who are eligible.

The largest and most effective program that Missouri currently has in place is LIHEAP. To qualify, applicants' income must be within 135% of FPL. Other eligibility requirements are citizenship, responsibility for heating and/or cooling costs, and that an applicant's current resources cannot be over $3,000. Additionally to be eligible for LIHEAP's crisis assistance, heating or cooling must be medically necessary.

According to Missouri's LIHEAP Detailed Model Plan for Fiscal Year 2012 (DMP 2012), LIHEAP funding will only be for heating and crisis assistance, not for cooling assistance. The breakdown of funding designations is as follows: 1) 50% will go to heating assistance; 2) 30% to crisis assistance; 3) 10% of funds are carried over to the following fiscal year and 4) 10% are to be used for administrative and planning costs. DMP 2012 defines an energy crisis as the receipt of a termination or disconnect notice indicating a specific disconnect date, or a final billing statement advising that the account has been terminated. The maximum benefit available to a Missouri resident in an energy crisis is $800 for a heating crisis, or $300 for a cooling crisis. The likelihood a Missouri resident will receive the maximum amount available is low and many who face a termination or disconnection of their energy will have a sizable amount of arrears to pay for service to be returned. Further, as this past summer was one of the hottest in Missouri's history and many deaths resulted, is it clear cooling assistance is necessary.

The President's recommendation to cut federal LIHEAP funding nationally from $5.1 billion to $3 billion in fiscal year 2013 would effectively cut Missouri's portion of LIHEAP funding in half. In 2011, LIHEAP.org reports that out of the 684,000 households that were eligible for Missouri LIHEAP aid, only 25% or 174,000 households received assistance. The President's recommendation will effectively cut that amount in half.

Ameren's *Dollar More* program is a voluntary program for Missouri customers to donate $1 extra on their energy bill to help other Missouri residents in need. In 2011, 11,865 clients received *Dollar More* assistance. The average amount pledged to help each client was $290. The majority of clients who were helped by this program were households with a monthly income of less than $2500. Many of these clients were elderly, disabled, or families with children under the age of 5. While voluntary programs such as *Dollar More* are helpful to Missouri residents, they don't come close to filling the gap that LIHEAP leaves.

Another recent program Missouri is Ameren's *Keeping Current*. This program was created in response to a prior rate increase granted by the PSC. *Keeping Current* supports heating and cooling energy needs. To be eligible for heating assistance, Missouri residents must be within 0-100% of the FPL. This is a higher threshold than Missouri's LIHEAP aid (at or under 135%). To be eligible, recipients must make an initial payment of 1/12th of their energy bill arrearages and apply for LIHEAP and weatherization. If payments are made on-time every month, a monthly credit based on FPL percentages

($55 at 0% of the FPL and $10 at 100% of FPL) and arrearage forgiveness of an additional 1/12th of arrearages are granted each month.

Keeping Current customers can only participate in either the heating or the cooling portion of the program, but not both. The cooling component of *Keeping Current* matches the eligibility requirements of the heating component, except that the maximum percentage of the FPL is up to 135% for applicants that are elderly, chronically ill, disabled, or households with children under 5. The benefits for participating in the cooling component of *Keeping Current* are a monthly bill credit of $25 in the months of June, July, and August.

While these programs are helpful for Missouri residents, a more comprehensive state-wide program is needed to avoid the negative health effects of rising energy costs.

Other States' response to energy insecurity

In 2009, Ameren Illinois, tested a pilot program known as *Percent of Income Payment Plan* (hereinafter "PIPP"). The purpose of PIPP is to change how LIHEAP benefits are distributed in Illinois. The Illinois PIPP Pilot was originally designed in 2008 to serve 10,000 Ameren electric heating customers and to operate for three years. However, due to program implementation challenges and new legislation, the pilot served only 975 Ameren electric heating customers and was discontinued in May 2009. Although the program evaluation study was changed to reflect the actual program implementation, it still offers valuable information.

In the three years prior to the report 25% of young-child PIPP clients had their service disconnected at least once when they applied for LIHEAP. Additionally, almost 20% of young child PIPP clients received a crisis grant in the last three years. About one-third of young child PIPP clients had disconnected or had an imminent disconnection at the time of the grant. While some clients had a history of service termination threats or terminations, the majority did not.

The “Energy Security” status of young child households prior to enrollment in the PIPP program showed that 36% reported energy insecurity problems categorized as “In-Crisis” and another 46% categorized as “Vulnerable.” Only 4% of clients were categorized as “Thriving.”

The immediate impact of the PIPP Pilot program on young children clients showed only one analysis group had their services disconnected. In the year prior to enrollment in the program, about 25% had a disconnection status. This shows that the program had an immediate impact on a significant number of young child clients.

The PIPP Pilot program substantially increased the amount of energy assistance benefits received by young child clients. LIHEAP benefits increased by more than 25% for over 90% of clients. When arrearage forgiveness benefits were included, almost all young child PIPP clients saw a 25% increase in their benefits. About 43% of the young child PIPP clients paid 100% of their bill during the PIPP Pilot program (compared to 24% during the baseline period) and an additional 17% maintained or increased their payment coverage rate.

Although the PIPP Pilot program achieved many of its goals for young child PIPP clients, improved program procedures that ensure that the clients select the correct PIPP program option, encourage clients to make payments, and offer case management services might result in improved program performance outcomes for clients.

Similarly, Ohio has *Percentage Income Payment Plan Plus,* where low-income customers who heat with natural gas pay six-percent of their monthly income, or $10; whichever is greater. Zero-income customers are required to pay a minimum of $10 monthly payment for both natural gas and electric. Ohio's program also contains an incentive for on-time payment. For every monthly payment made on-time and in full, they no longer owe the rest of that month's billed amount. They also receive a one-twenty-fourth credit toward any old debt. And, if they make full, on-time payments for 24 months straight, all the arrearages are eliminated.

In order to qualify for PIPP, customers must receive primary or secondary heat source from a company regulated by the Public Utilities Commission of Ohio. Household income must be 150 % of the FPL or below. If the customer is eligible, they must apply for all energy assistance programs.

Further, Pacific Gas & Electric (hereinafter PG&E) in California offers two income-based programs: *California Alternative Rates for Energy* (hereinafter CARE) and *Family Electric Rate Assistance* (hereinafter FERA). The CARE program provides a monthly discount on energy bills for income-qualified households and housing facilities. In order to qualify for CARE, the bill must be in the name of the person applying for the program and that person must reside at the address on the bill. Additionally, the person applying for relief must not be named as a dependent on another person's tax return and the energy meter must not be shared with another home. Further, all source of qualifying household income must be accounted for and all program income guidelines met. Customers are required to notify PG&E if their household no longer qualifies for the CARE discount and recertify eligibility every two years; unless determined to be a fixed income home, then every four. Following enrollment, you may be selected for income verification and must provide proof of qualifying household income to remain on the program.

PG&E's FERA program provides a monthly discount on electric bills for income-qualified households of three or more persons. To qualify, the bill must be in the name of the customer, they must live at the address where the discount will be received and he meter cannot be shared. If the customer is a sub-metered tenant, the energy bill from their landlord must be in their name. The person applying for the program must not be a claimed dependent on another person's income tax return, other than their spouse. Further, all source of qualifying household income must be accounted for and all program income guidelines meet. If the customer no longer qualifies for the FERA discount, they must notify PG&E. Following enrollment, customers may be selected for income verification, must provide proof of qualifying household income to remain in the program and recertify eligibility every two years.

Texas offers a program that discounts electric bills 10% from May to September. To qualify, the customer must be on Medicaid, *Supplemental Nutrition Assistance Program* (SNAP), or have a yearly income at or below 125% of FPL. Further, Pennsylvania offers a *Low Income Usage Reduction Program* (hereinafter LIRUP), which helps with installation of energy saving features in the home, hardship funds provide cash assistance to utility customers who fall through the cracks and the cash is paid on their behalf directly to the company. Qualifications are based on the number of people and the income of the home.

Proposed regulation

We offer the following proposed regulation to address the need for a low income exception.

Purpose: The purpose of this proposed regulation is to provide assistance to low income families in St. Louis and the surrounding counties. This proposed regulation will take effect if Ameren Missouri's proposed rate increase is accepted by the Missouri Public Service Commission. This proposal outlines the requirements for assistance; the benefit received by low income families; and proposes how funding should be obtained for the assistance provided to qualifying low income families.

Definitions: When used in this proposed regulation:

A) Low Income: Refers to St. Louis households whose yearly gross income, as contributed by all occupants over the age of 18, is less than or at 150% of the federal poverty guidelines as set forth with the Missouri Department of Social Services and/or qualifies for public assistance, receives social security disability or social security retirement from the federal government.

Requirements of proposed regulation: In order to qualify for assistance under this proposed regulation the following requirements must be met:

A) Must be a resident of St. Louis or the surrounding counties and an Ameren Missouri Customer with the bill in the resident's name who applied for the program and a current resident at that address,

B) Must meet the above definition of low income,

C) Must be able to prove yearly income or have proof of zero income, and prove family size and enrollment in state or federal assistance programs.

Benefits: If the above qualifications are met, enrollment in this program qualifies the customer for:

A) A discount of 10-70% off of total monthly Ameren Missouri Bill, with discount percentage being set based on monthly income of the customer, or a set monthly payment of $30.

B) If customer makes payment on time monthly, 1/12 of the customer's accumulated debt owed to Ameren will be removed each month.

Removal: If the customer:

A) Misses three consecutive monthly payments, Ameren has the option to remove the customer from the program, and the customer no longer qualifies to have previous debt forgiven.

Re-Inclusion: If the customer:

A) Pays the missed monthly payments and is able to get the Ameren Bill current, the customer is eligible to be re-included in the program with the exception that previous debt will no longer be forgiven.

Duration: The qualifying customer shall be eligible to remain in this proposed program for a period of two years. After the two year period Ameren Missouri is allowed to re-evaluate customer need and determine if the customer is eligible to remain in the program. This program shall remain in effect for 2 years at which point the program shall be re-evaluated by the Missouri Public Service Commission to determine if continuation is a viable and necessary option.

Funding: This proposed program shall be funded by Ameren Missouri by an annual contribution and by a monthly surcharge to customers. Ameren will be responsible for contributing $1,000,000 annually, and the amounts contributed by customers shall be collected through a monthly surcharge based on customer class. The surcharges applicable to each customer class shall be as follows:

a) Residential class $.02/month

b) SGS Class $.04/month

c) LGS/SPS $.40/month

d) LPS $45/month

e) LTS $1,400/month

Respectfully Submitted

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