



## **RESPONSE TO STAKEHOLDER QUESTIONNAIRE IN CASE OW-2026-0085**

### **About Renew Missouri**

Renew Missouri is a 501(c)(3) advocacy organization that appears before regulatory agencies – primarily the Missouri Public Service Commission (“PSC”) to provide expert testimony on clean energy, energy efficiency, and transmission development policy. Our work includes participating as intervenors in utility rate cases, applications for Certificates of Convenience and Necessity (“CCNs”), mergers and acquisitions, Accounting Authority Orders (“AAOs”), and energy efficiency investment portfolios. We also work extensively with county and municipal governments on clean energy ordinances. Renew Missouri also regularly engages in regulatory workshops and rulemakings by submitting public comments.

### **Executive Summary**

Energy affordability remains a growing challenge in Missouri, with rising arrearages, increasing disconnections, and persistently high energy burdens among low-income households. Current assistance programs—both federally funded and utility-administered—are insufficient to meet the scale and complexity of need. In particular, programs such as the Low Income Heating and Cooling Program (“LIHEAP”) reach only a fraction of eligible households and fail to account for seasonal variability and long-term affordability, leaving many customers in recurring cycles of debt.

Recent data shows worsening trends: utility arrearages increased from over \$1.039 billion in 2024 to \$1.336 billion in 2025, while disconnections have risen by more than 21% since 2021. A

significant share of customers—often 15–20% across utilities—carry past-due balances. These trends demonstrate that existing approaches are not effectively addressing affordability challenges.

Missouri currently relies on a mix of energy assistance (“EA”) programs, including bill credits, arrearage management programs (“AMPs”), and weatherization efforts. While each program provides some benefits, none fully addresses the underlying issue of energy burden and not robust enough AMPs. Many programs fail to consider a household’s actual ability to pay, relying instead on broad income thresholds that do not reflect real-world energy costs. As a result, the current state of assistance is misaligned with the current state of need.

Renew Missouri’s comments highlight the importance of incorporating energy burden—the percentage of income spent on energy—as a central metric in program design and eligibility. Programs such as Percentage of Income Payment Plans (“PIPPs”) and tiered discount models may better align costs with household financial capacity and have demonstrated improved outcomes, including reduced arrearages and increased payment rates to the utility.

In addition to improved targeting, effective EA programs should prioritize overall system efficiency. This includes maximizing benefits to participants, avoiding inefficient cross-subsidization, and ensuring costs remain reasonable for non-participating customers. Streamlined enrollment processes, such as categorical eligibility and centralized administration, can further improve access and reduce costs.

Ultimately, Missouri must take a more holistic and data-driven approach to energy affordability. By incorporating energy burden into program design, expanding proven models like PIPPs, and improving coordination and administration, policymakers and regulators can create more effective programs that reduce financial hardship for customers while also improving utility performance.

Without these changes, current trends in arrearages, disconnections, and energy insecurity are likely to persist and worsen.

### **Why Energy Affordability Matters – Going Beyond**

Energy affordability is typically understood as a condition in which, after paying utility bills, households still have enough income to cover other livelihood essential needs such as housing, transportation, food, and healthcare.<sup>1</sup> However, many existing assistance and discount programs fail to account for a household’s actual ability to afford its energy usage. These comments will provide insight into the status of Missourians and their ability to afford their power and what programs should be considered.

In addressing the “energy affordability problem,” policymakers generally “pull” one of three levers: (1) increasing the income of low-income households, (2) reducing the share of utility costs customers are responsible for, and (3) lowering overall household energy usage.<sup>2</sup> Each of these approaches has different impacts—not only on participating customers but also on non-participating ratepayers, utility shareholders, and society as a whole. Option one falls under cash supplements with no strings attached and the latter two are energy assistance (“EA”) actions. The goal of these EA programs are to have customers spend a lower percentage of income on energy.

Utility assistance is delivered from two buckets of funding: federal programs and utility-administered programs. Relying on federal energy assistance is not enough as the Low Income Heating and Cooling Program (“LIHEAP”) often falls short of meeting needs in numerous ways. Approximately only around 16% of income-eligible households receive LIHEAP benefits. While

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<sup>1</sup> Costello, K.W., 2020. Features of good utility-initiated energy assistance. Energy Policy 139, 111345.

<sup>2</sup> Costello, K.W., 2020. Features of good utility-initiated energy assistance. Energy Policy 139, 111345.

over 34 million households were eligible in 2023, only about 5.4 to 5.9 million households actually received this assistance, largely due to limited federal funding rather than eligibility restrictions.<sup>3</sup> When adjusted for inflation, the average LIHEAP benefit has declined by 26% since 1981,<sup>4</sup> while average U.S. electricity rates have increased by 66% since 1985.<sup>5</sup> Because LIHEAP is distributed once per year (October-May or until funds run out), it does not align well with seasonal fluctuations in energy usage. As a result, households must stretch limited assistance across high-cost months or risk falling behind, often leading to recurring cycles of debt. Community Action Agencies (“CAAs”), who process LIHEAP applications in Missouri, have administrative challenges in processing these requests given their limited resources. Additionally, ongoing federal funding uncertainty poses a continued risk and questions linger as to whether LIHEAP will be available - as the President’s 2027 budget proposal eliminates LIHEAP funding - or if CAAs will be funded to process the applications.<sup>6</sup> The ongoing conflict with Iran has disrupted global energy markets, causing a surge in oil and gas prices. This means customers are facing even more budgeting uncertainties. Given these challenges, it is essential to move beyond insufficient subsidies and instead design programs that directly reduce energy burden in a sustained way. Without structural

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<sup>3</sup> <https://acf.gov/ocs/fact-sheet/liheap-fact-sheet>

<sup>4</sup> Pacyniak, G., 2022. Keeping all the lights on: a roadmap to affordable, universal electricity service in the clean energy transition. *Ecol. Law Q. Forthcom.* UNM Sch. Law Res. Pap. 2022-24.

<sup>5</sup> <https://powerlines.org/utility-bills-are-rising/#:~:text=An%20Analysis%20of%20Utility%20Five,on%20the%20actions%20states%20take.>

<sup>6</sup> <https://www.medicarerights.org/medicare-watch/2026/04/09/presidents-budget-request-targets-vital-programs#:~:text=The%20budget%20would%20cut%20projected,and%20federal%20emergency%20response%20preparedness.>

[https://www.msn.com/en-us/news/us/trump-s-2027-budget-targets-liheap-blames-new-york/ar-AA214YRk?ocid=socialshare.](https://www.msn.com/en-us/news/us/trump-s-2027-budget-targets-liheap-blames-new-york/ar-AA214YRk?ocid=socialshare)

<https://pappas.house.gov/media/press-releases/pappas-leads-opposition-to-trump-s-elimination-of-home-energy-assistance-program#:~:text=Following%20the%20release%20of%20President,energy%20bill%2C%E2%80%9D%20they%20continued.>

improvements, trends in arrearages, disconnections, and customer debt will likely continue to worsen.

### **Current Trends in Utility Affordability**

Utility affordability is not improving. In 2024, Missouri customers owed over \$1.039 billion in arrearages to investor-owned utilities; by 2025, that figure had risen to \$1.336 billion. In 2024, the share of customers in arrears across Missouri's investor-owned utilities ranged from 4.4% to 35%, with most utilities reporting around 15–20% of customers carrying past-due balances<sup>7</sup> (See Graph 3). Disconnection numbers have also increased in recent years. From 2021 to 2025, more than 600,000 customers were disconnected from their utility service (excluding 2023 due to lack of data), representing a 21.6% increase over that period.

Missouri is also experiencing a higher share of customers in arrears among gas utilities. Particularly with Spire, where nearly 30–37% of customers have past-due balances. This aligns with broader industry trends as gas utilities often experience higher bill volatility due to fluctuations in prices. In addition, there are clear seasonal patterns in disconnections, with spikes typically occurring in September and October. These increases are driven by a combination of factors including accumulated summer cooling costs, the expiration of hot weather shutoff protections, and utilities moving to disconnect customers before winter moratoriums take effect.

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<sup>7</sup> Methodology for calculating the following numbers was sourced from data the utilities supplied in following Commission Rule 20 CSR 4240-13.075(6) and include reporting utilities: Ameren Gas, Ameren Electric, Evergy Metro, Liberty EDG, Liberty Electric, Liberty MNG, Spire East, Spire West, and Summit. The 2024 arrearage total was calculated by summing monthly arrearage amounts for these utilities from March through December, as January and February data were not reported. The 2025 total includes reported data for all months, January through December. The percentage of customers with arrearages was calculated by dividing the number of customers in arrears by the 'meters at the end of the month' for each month reported. Data from 2019 to 2022 is sourced from docket AW-2020-0356. 2023 data unavailable due to two separate disconnection reporting requirements.

In 2025, Ameren disconnected 94,229 customers. Given that Ameren serves an average of 1.2 million Missourians, this represents a disconnection rate of approximately 7.7%. Spire serves approximately 1.1 million customers and disconnected 44,443 customers, or about a 3.9% disconnection rate. Evergy’s disconnection rate is approximately 5.8%.

Table 1. Summary of Utility Disconnection Rates by Utility Company<sup>8</sup>

Utility	Number of Reported Disconnections in 2025	Average Number of Meters at the End of the Month (2025) <sup>9</sup>	Rate
Ameren <sup>10</sup>	94,229	1,223,747	7.7%
Evergy <sup>11</sup>	33,889	578,070	5.8%
Spire <sup>12</sup>	44,443	1,131,880	3.9%
Summit	583	15,974	3.6%

Energy burden remains a key metric for assessing how customers are faring in terms of utility affordability. The higher a household’s energy burden, the less income it has available for other essential needs. In 2022, more than 78,500 households in the St. Louis Metropolitan Area had an energy burden of 10% or more, highlighting the scale of the challenge.<sup>13</sup> In the St. Louis Energy

<sup>8</sup> Liberty/Empire was not included in this list due to lack of available disconnection data.

<sup>9</sup> To get an estimate of the number of customers serviced in 2025, this category averages the number of customers with service at the end of each month in 2025.

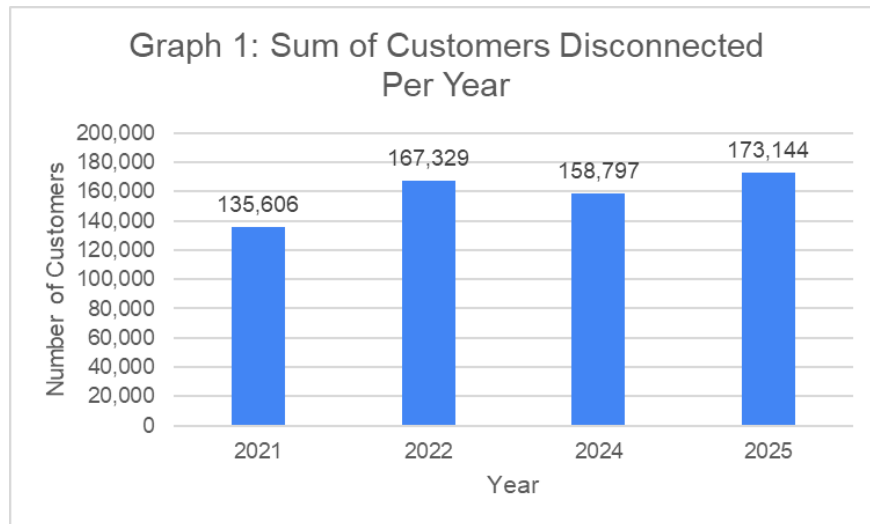
<sup>10</sup> This includes customers in Ameren Electric and Ameren Gas.

<sup>11</sup> This includes customers in Evergy Metro and Evergy West.

<sup>12</sup> This includes customers in Spire East and Spire West.

<sup>13</sup> Data is pulled from Greenlink GEM Data Mapping Tool: <https://www.greenlinkanalytics.org/gem>

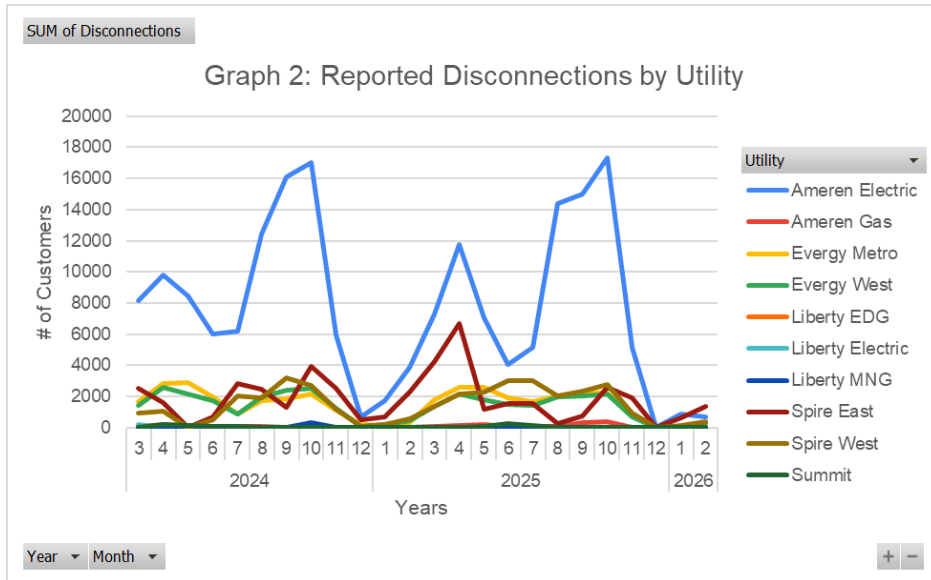
Burden Report,<sup>14</sup> there are broad trends across communities, showing that metrics such as health outcomes, geographic location, and race, play a significant role in energy burden. Aggregate data from Renew Missouri's Energy Burden Explorer dashboard highlights that nearly two-third of households in the St. Louis metro area with high energy burden are located in St. Louis City, showing stark differences amongst neighborhoods.



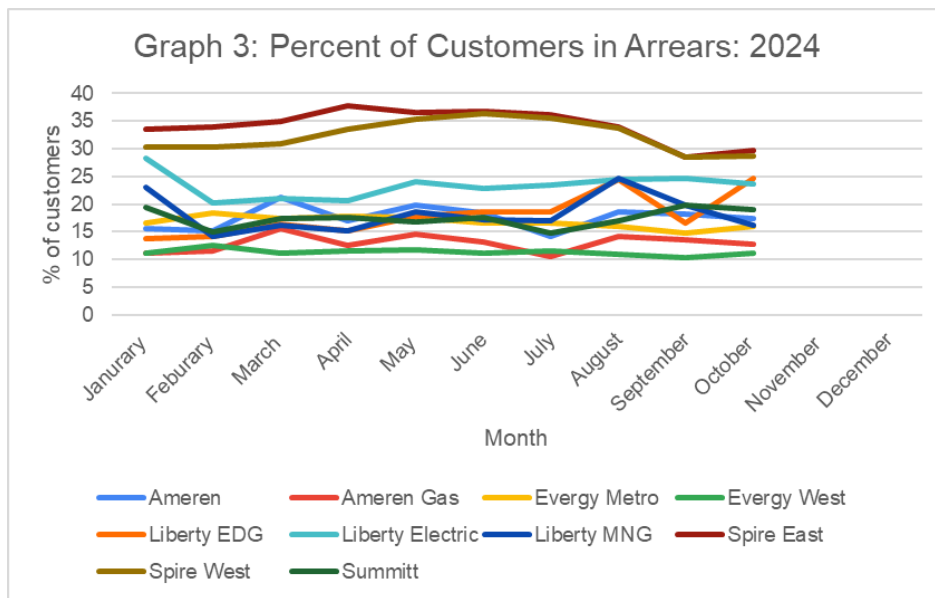
*Graph 1: This graph shows the sum of customers disconnected per year for utilities that reported their disconnection rates to the Missouri Public Service Commission (“PSC”). The utilities include Ameren Gas, Ameren Electric, Evergy Metro, Liberty EDG, Liberty Electric, Liberty MNG, Spire East, Spire West, and Summit. Year 2023 data was not reported on.*

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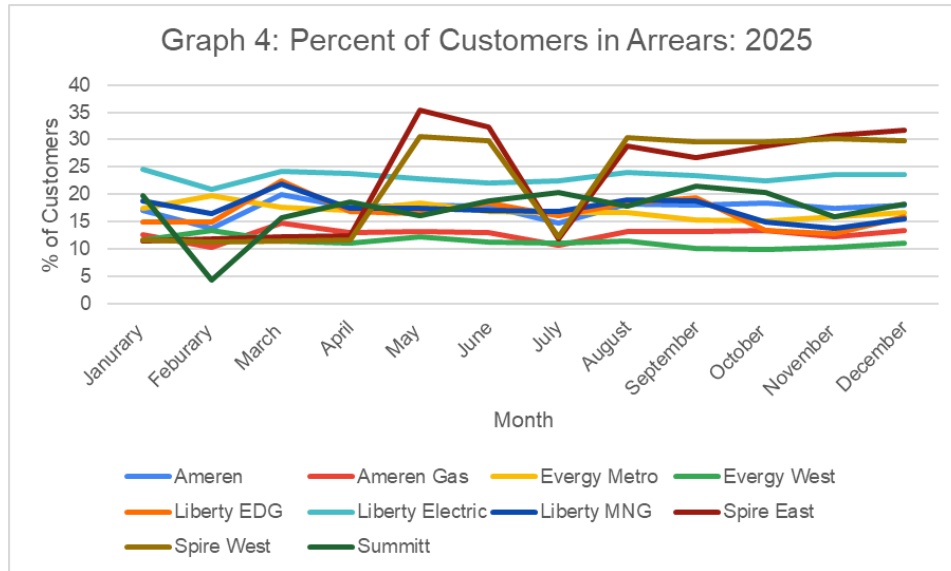
<sup>14</sup><https://renewmo.org/energy-advocacy/st-louis-energy-burden-report-how-geography-income-and-race-factor-into-energy-costs-for-st-louis-families/>



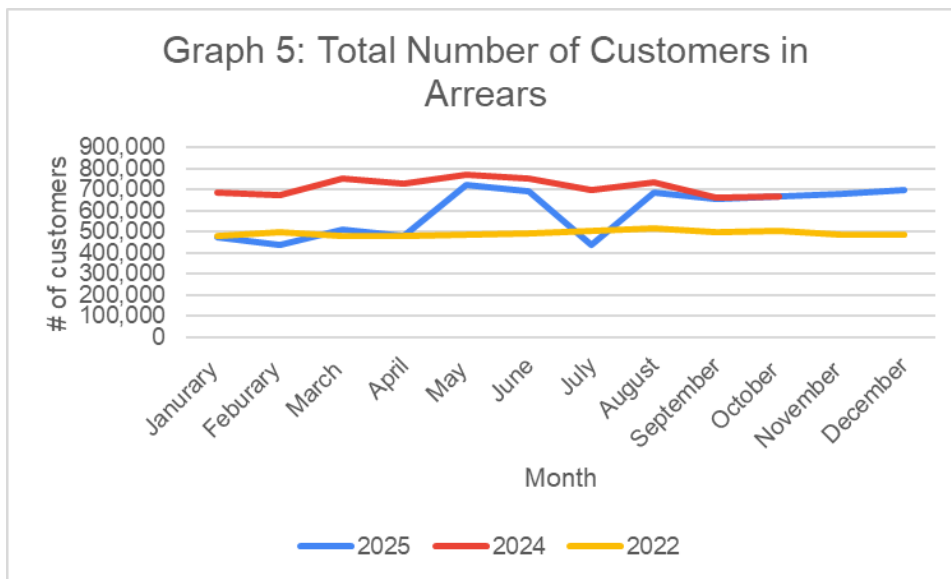
Graph 2: This graph shows the number of customers disconnected by utility from 2024-2026.



Graph 3: This graph shows the percentage of customers in arrears in 2024 by utility. There was no reported data in November and December.



Graph 4: This graph shows the percentage of customers in arrears in 2025 by utility.



Graph 5: This graph shows the total number of customers in arrears in 2025, 2024, and 2022. The utilities include Ameren Gas, Ameren Electric, Evergy Metro, Liberty EDG, Liberty Electric, Liberty MNG, Spire East, Spire West, and Summit.

## **Using Data to Design Better EA Programs**

The volume of data generated by utilities can feel overwhelming; however, there are specific data points that can be leveraged to design more effective and efficient EA programs. To make informed and strategic decisions, Missouri utilities and the PSC should prioritize streamlining data access and investing in analytical tools that provide a strong foundation for program design.

Using data to improve low-income utility programs involves integrating Advanced Metering Infrastructure (“AMI”), demographic datasets, and energy burden metrics to better target, customize, and streamline services. Key strategies include identifying high energy burden households and neighborhoods and partnering with community organizations to bridge data gaps related to housing instability, renter needs, energy usage patterns, and housing characteristics such as age and type. There are many tools that utilities can use to help calculate energy burden across geographies and customer types, allowing for more precise program targeting.

Over the past three years, Renew Missouri has led a campaign to expand access to data and resources for customers experiencing high energy burden. A cornerstone of this work is the Missouri Energy Burden Explorer,<sup>15</sup> an online mapping dashboard that integrates utility, demographic, and health data to highlight the relationships between energy burden, race, income, education, geography, and incorporates real utility data.

Utilities should continue investing in data-driven platforms to improve program design and delivery. For example, Spire has developed an internal energy burden dashboard to better identify gaps in its existing programs. Building on this momentum, PSC Staff should consider supporting or approving investments in tools such as the Missouri Energy Burden Explorer to enhance

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<sup>15</sup> <https://app.power-d.city/dashboard/missouri>

statewide data capabilities. Without a clear understanding of where need is greatest, it is difficult to assess whether ratepayer-funded EA programs are being deployed efficiently.

Data can also be used to segment customers based on characteristics such as age, household composition, and type of housing (i.e., owner or renter). For instance, renters often face higher energy burdens due to the “split incentive” problem, where landlords control efficiency investments while tenants pay utility bills. Targeted outreach and education—both in-person and online—can help address these barriers. Additionally, AMI data and historical usage patterns can be used to identify high-consumption homes that would benefit most from weatherization, ensuring resources are directed where they will have the greatest impact and reducing the risk of underperformance.

### **EA Programs: Barriers and Benefits**

There is no ideal EA program as each one has several benefits and drawbacks for utilities and customers alike. For example, discounted rates can reduce utility bills going forward upon enrollment. However, among households that have little to no discretionary income, existing debt would likely not be addressed without some form of debt forgiveness. On the other hand, arrearage management programs are useful means to reduce debt burden through payment structures or forgiveness. But, unless coupled with some form of program that lowers utility bills, affordability is left unaddressed, and a household may begin to accrue debt anew. Therefore, it is important to consider holistic energy burden solutions that can address these multiple financial stressors. Alongside reduced rates and arrearage management, the amount of energy used is also a key component of energy affordability, which is why weatherization and energy efficiency programs should be counted as EA programs.

The following section describes the numerous types of EA programs, some of which are active in Missouri, along with benefits and challenges associated with each program type.

### *1. Bill assistance payments/credits*

This style of assistance is when a utility offers eligible customer assistance in the form of a lump-sum payment, reducing the customer's portion of the bill. This is a common form of program in Missouri offered by Ameren, Evergy, Spire, and Missouri American Water Company ("MAWC"). Bill assistance programs determine the amount of the credit based on income, the number of people in the household, and the household's utility bill. They commonly provide a one-time-only benefit, which is a drawback when low-income households have an acute ongoing need.

#### a. Drawbacks

- i. Does not take into account the ability of the customer to pay bill (i.e., income).
- ii. Households often continue to accrue debt due to on-going, acute need.
- iii. Bill subsidies produce less benefit to low-income households than the benefits from distributing the same amount of dollars to the same households without any strings attached. Research suggests that economically in-kind subsidies such as EA are less impactful than a no-strings-attached cash subsidy. The premise is households would not use the entire cash assistance to reduce their utility bill. Instead, they would allocate some of the cash to different goods and services so as to maximize their effectiveness to the overall household budget.<sup>16</sup>
- iv. This approach simply replicates the LIHEAP benefit and does not address the other aspects of affordability.

#### b. Benefits

- i. Easier to administer because several Missouri investor-owned utilities ("IOUs") currently offer this type of program.
- ii. A lump-sum payment avoids price signals that encourage customers to over-consume energy.

### *2. Lifeline rates (i.e., inverted rates)*

This is a discount model that can take the form of either a flat reduction applied to the utility rate or a discount calculated based on a "baseline" level of energy usage determined either by past consumption or a predefined amount. Lifeline rates often provide greater benefits to low-income

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<sup>16</sup> Costello, K.W., 2020. Features of good utility-initiated energy assistance. Energy Policy 139, 111345.

households when compared to standard volumetric rates, particularly when those households have lower energy usage. However, many low-income customers actually consume above-average amounts of electricity and natural gas due to older homes and poor weatherization. As a result, the benefits of lifeline rates can accrue unevenly across households with varying income levels. Additionally, lifeline rates can increase the risk that a utility will under-recover its fixed costs as those costs are disproportionately collected through higher usage tiers where consumption is more volatile.<sup>17</sup> Several states mandate that utilities offer these low-income discount rate programs including, Alabama, Arizona, California, Connecticut, Georgia, Illinois, Kansas, Kentucky, Maine, Maryland, Massachusetts, Minnesota, New Hampshire, New York, Pennsylvania, Rhode Island, and Vermont.<sup>18</sup>

- a. Drawbacks
  - i. If the discount is not large enough, households may still struggle to pay their bills, resulting in continued energy burden.
  - ii. Month-to-month usage and billing volatility are not addressed.
  - iii. They do not provide a strong incentive for households to reduce energy consumption, distorting price signals.
- b. Benefits
  - i. Easy to understand, as they follow a familiar billing structure.
  - ii. Discounted rates provide direct relief to participating households.
  - iii. Relatively straightforward and cost-effective to implement.

### 3. *Percentage of income payment plans (“PIPP”)*

When assistance or discounts are offered to energy-insecure households, they often do not account for a household’s actual ability to pay. PIPPs are designed to address this gap by setting a maximum energy burden at an affordable level. Under this model, a utility sets a monthly bill based on a fixed percentage of household income, and the household is required to pay that amount

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<sup>17</sup> Farley, C., Howat, J., Bosco, J., Thakar, N., Wise, J., & Su, J., 2021. *Advancing Equity in Utility Regulation*. Berkeley, CA: Lawrence Berkeley National Lab. (LBNL).

<sup>18</sup> Aweh, A., Friday, M., Scanlon, B., 2020. Limited-income customers: how utilities can bridge the energy affordability gap and build a financially stable customer base. *Nat. Gas. Electr.* 36 (9), 8–17.

each month. This percentage is often set at a level considered affordable, commonly around 6% of total household income. States that have implemented PIPPs include Colorado, Illinois, Maine, Nevada, New Jersey, Ohio, Pennsylvania, and Virginia. One utility offering a PIPP found arrearage rates among LIHEAP recipients dropped from 45% to 5%.<sup>19</sup>

One criticism with this mechanism is that the customer pays nothing to consume additional energy or natural gas. For example, let's say a customer increases his December usage without incurring any additional cost. One way to eliminate this "waste" would be to calculate a customer's energy usage in the same month for the previous year and then adjust it for changes in weather, household size, and other relevant factors. For consumption beyond the adjusted usage, the utility would require the customer to pay the standard rate.

- a. Drawbacks for PIPPs
  - i. PIPPs can be administratively intensive and costly to implement.<sup>20</sup>
  - ii. Households may have less incentive to conserve energy.
  - iii. Utilities typically absorb bill overages without full cost recovery.
- b. Benefits
  - i. Provides strong protection for low-income households against rising rates.
  - ii. Households are more likely to pay their bills in-full and on-time, improving revenue stability.<sup>21</sup>
  - iii. Establishes a clear, income-based affordability threshold for energy bills.

#### 4. *Customer charge waivers*

This approach removes or reduces fixed monthly customer charges on utility bills, which can be particularly burdensome for low-income households regardless of energy usage. By lowering fixed costs, this model provides immediate bill relief, especially for households with low consumption. However, it may shift cost recovery to volumetric charges or other rate components. Cost waivers

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<sup>19</sup> Makhijani, A., 2021. Addressing energy burden: estimate of funds for low- and moderate- income households during the transition to a clean, regenerative, and just energy system.

<sup>20</sup> Farley, C., Howat, J., Bosco, J., Thakar, N., Wise, J., & Su, J., 2021. Advancing Equity in Utility Regulation. Berkeley, CA: Lawrence Berkeley National Lab. (LBNL).

<sup>21</sup> Brockway, N., Kallay, J., & Malone, E., 2014. Low-income assistance strategy review. In Prepared for the Ontario Energy Board.

can help low-income households stay current on their bill to avoid disconnection by the utility or have utility service restored.<sup>22</sup> Some utilities have substantially increased their customer charge to residential customers (e.g., from \$5 to \$20), so a waiver would have a greater effect on reducing energy bills. However, until this practice becomes commonplace, a waiver on the customer charge by itself would have only a minimal effect on helping low-income households.

a. Drawbacks

- i. Customer charge waivers might make customers less responsible for paying future utility bills. This is because customers would have less incentive to pay their bills on time and in full to avoid service disconnections.
- ii. A waiver also means that the utility either absorbs the costs or passes onto general ratepayers.

b. Benefits

- i. Can help low-income households stay current on their bills.
- ii. Are simple to administer and implement.

5. *Tiered discount model*

This is a variation of the fixed discount approach in which larger discounts are provided to households with lower incomes and higher energy burdens. The lower the household income, the greater the discount applied. Liberty's Fresh Start Program, for example, integrates a tiered discount approach. States such as New Hampshire and Indiana have implemented versions of this model. For example, income tiers might include 0–50%, 51–100%, 101–150%, and up to 151% of the federal poverty level with increasing discounts for lower-income brackets.<sup>23</sup>

a. Drawbacks

- i. Not as precise as a PIPP program due to using poverty guidelines instead of actually energy burden.

b. Benefits

- i. More precise than a straight discount, delivering more benefit to those in greater need.

6. *Arrearage Management Programs ("AMP")*

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<sup>22</sup> Costello, K.W., 2020. Features of good utility-initiated energy assistance. Energy Policy 139, 111345.

<sup>23</sup> Farley, C., Howat, J., Bosco, J., Thakar, N., Wise, J., & Su, J., 2021. Advancing Equity in Utility Regulation. Berkeley, CA: Lawrence Berkeley National Lab. (LBNL).

It is well-established low-income households facing high energy costs are more likely to fall behind on utility bills, accruing debt and increasing the likelihood of disconnections.<sup>24</sup> Utility arrearages are a growing issue in Missouri. This debt not only creates financial hardship for customers, but also results in lost revenue for utilities, increased bad debt, and additional expenses related to recovery efforts. Ultimately, these costs are often passed on to other ratepayers. There are several arrearage management programs in place. Additionally, programs that require a lump-sum down payment can create barriers as low-income households are often already financially constrained and may struggle to save and replenish those funds.<sup>25</sup> For example, Ameren’s Clean Slate Electric program requires customers to pay 25% of their past-due balance upfront. Research finds low-income customers not participating in an AMP paid 44% of their bills, compared to 67% for those enrolled in an AMP. This data demonstrates improved payment outcomes.<sup>26</sup>

To strengthen these programs, utilities should increase the amount of arrearage forgiveness provided annually to accelerate debt reduction as well as adjusting down payment requirements. For instance, if the average past-due balance is around \$180, a 35% down payment would require approximately \$45 upfront—an amount that poses a significant barrier for households on fixed incomes.

a. Drawbacks

- i. AMPs address arrearage, but if new utility charges remain unaffordable, the customer may not be able to pay their bills going forward, obviating financial sustainability for the household with respect to the cost of energy.
- ii. If an AMP requires a lump-sum down payment, low-income households are often already budgetarily constrained and may not be able to save and replenish funds.

b. Benefits

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<sup>24</sup> Harak, C., 2013. Helping low-income utility customers manage overdue bills through arrearage management programs (AMP). National Consumer Law Center.

<sup>25</sup> Farley, C., Howat, J., Bosco, J., Thakar, N., Wise, J., & Su, J., 2021. Advancing Equity in Utility Regulation. Berkeley, CA: Lawrence Berkeley National Lab. (LBNL).

<sup>26</sup> Harak, C., 2013. Helping low-income utility customers manage overdue bills through arrearage management programs (AMP). National Consumer Law Center.

- i. By eliminating accrued debt, households may more easily afford and more frequently pay ongoing bills, reducing the occurrence of subsequent late-payment fees.
- ii. Utilities benefit from elimination and bad debt allowances, reduced collection costs, and disconnection/reconnections costs.

### *7. Weatherization and Energy Efficiency Programs*

Weatherization and energy efficiency programs, although not technically a low-income rate, are important to highlight because, in exchange for a one-time investment, the customer continuously benefits over several years. However, these programs continue to be underfunded with multi-year waitlists.

Weatherization and energy efficiency programs also benefit the utility and general ratepayers by avoiding costs relating to fuel or purchased gas, additional capacity acquisitions, capital investment costs, debt write-offs, collection costs, and other expenditures related to delinquent accounts. A 2006 study showed, for example, the collection cost incurred by a utility for each customer in arrears averages between \$20 and \$28, depending on the type of utility.<sup>27</sup>

Specifically, weatherization programs save households an estimated average \$283 annually. Non-energy benefits garner \$2.78 for every \$1.00 invested into the program, providing more livable homes, fewer missed days of work, and decreased out-of-pocket medical expenses by an average of \$514 annually.<sup>28</sup>

A number of states mandate supplementary utility-funded, no-cost weatherization services to low-income households. In Minnesota, all state jurisdictional gas utilities must spend at least 0.4 percent of their gross operating revenues on low-income, conservation improvement programs,

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<sup>27</sup> American Gas Association, February 27, 2006. 2002-2004 credit collection data for energy utilities. EA 2006-03.

<sup>28</sup> Bednar, D.J., Reames, T.G., 2020. Recognition of and response to energy poverty in the United States. *Nat. Energy* 5 (6), 432–439.

such as energy audits and weatherization, and on rebates toward the purchase of energy efficient appliances.<sup>29</sup>

Additionally, many co-efficiencies and administrative benefits can be realized with a centralized state-wide office of utility energy efficiency programs. Depending on the policy and goals, a state-wide office could be highly involved in the provision of programs, leading to increased accessibility for customers of smaller utilities and reduced costs through economies of scale. However, even in a more *status-quo* approach, benefits such as a centralized source to handle eligibility verification can lead to modest benefits. This can include reducing utilities' administrative burden. This approach can also expand access by collecting customer verification information once and offering information on all programs they may be eligible for across all their utility providers. For more information, please see Notice of Filing Statewide MEEIA Feasibility Study filed in EW-2026-0204, *In the Matter of the Establishment of a Collaborative Working Case Dedicated to A Statewide MEEIA Feasibility Study* filed on February 18, 2026.

#### 8. Prepayment Program

Some utilities offer a “pay-per-use” rate structure in which customers pre-fund an account and the balance is drawn-down based on electricity use and associated charges. These programs are often implemented in areas with large low-income populations, high levels of utility debt, or in instances where service theft is a concern. Today, these programs typically rely on advanced metering infrastructure or a debit card–style system where customers add funds through kiosks or devices that connect to a smart meter.<sup>30</sup>

##### a. Drawbacks

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<sup>29</sup> [https://liheapch.acf.hhs.gov/dereg/states/mnsu\\_mmary.htm](https://liheapch.acf.hhs.gov/dereg/states/mnsu_mmary.htm)

<sup>30</sup> Adams, Jeffrey A., et al. “Utility Assistance and Pricing Structures for Energy Impoverished Households: A Review of the Literature.” *The Electricity Journal*, vol. 37, no. 2, 2024, article 107368.

- i. Disconnections can occur rapidly due to a lack of a grace period.
  - ii. Reduced energy consumption often results from self-rationing, which can lead to unsafe or energy-insecure behaviors.
  - iii. Some technologies used in these programs can be inconvenient, such as requiring customers to reload funds at specific physical locations.<sup>31</sup>
- b. Benefits
- i. Customers can see the relationship between their energy use and costs, which may encourage conservation and efficiency.
  - ii. Customers are empowered to adjust consumption to stay within budget, potentially leading to cost savings.
  - iii. Reconnection is often quick and straightforward.
  - iv. Utilities benefit from greater revenue certainty.

Table 2. Summary of Utility Assistance Programs

Type of utility assistance	Missouri Utilities offering program <sup>32</sup>
AMP	Ameren, Spire, MAWC, Liberty
Bill assistance/credit	Ameren, Evergy, Spire, MAWC, Liberty
Lifeline Rates	None
Percentage of Income Payment Plan	None
Bill Smoothing (i.e., budget billing)	Ameren, Spire, Evergy, Liberty, Summit, MAWC
Customer Charge Waiver	Spire
Weatherization	Ameren, Evergy, Liberty, and Summit, Spire
Tiered discount model	Liberty
Prepayment	None

<sup>31</sup> O'Sullivan, K.C., Howden-Chapman, P.L., Fougere, G., 2011. Making the connection: the relationship between fuel poverty, electricity disconnection, and prepayment metering. *Energy Policy* 39 (2), 733–741.

<sup>32</sup> This information was compiled using the utilities reports in this current docket, OW-2026-0085, on what programs they offer.

## **Criteria for Program Enrollment**

There are several types of criteria used to determine program eligibility. The primary criteria in Missouri presently include household income (e.g., state median income or “SMI”), disability status, household composition (such as the presence of children or elderly individuals), health status or medical hardship, and housing status. There are also non-demographic criteria, such as having a certain level of arrearages.

However, key criteria are still missing from many program designs. Most notably, energy burden—the percentage of gross household income spent on energy costs—is a critical metric that is often not used. Energy burden provides a more accurate picture of what a household can realistically afford because it reflects both income and actual energy usage. Programs that incorporate energy burden into eligibility criteria can better target assistance by prioritizing households that spend more than 6% of their income on energy, with particular focus on those exceeding 10%. This approach helps ensure that assistance reaches households with the greatest need and can improve equitable access to relief, particularly for low-income and historically underserved communities.

Several energy assistance programs already incorporate energy burden into their design, including PIPPs and tiered discount models. In contrast, programs that rely solely on SMI or similar income thresholds fail to capture the full picture of affordability.

More broadly, many anti-poverty programs determine eligibility based on whether a household qualifies as “low income,” “very low income,” or “extremely low income.” These standards often use area median income (“AMI”) as the benchmark. For example, a low-income household is typically defined as earning 80% or less of the AMI, adjusted for household size. However, this

approach means that two households with identical incomes may be treated differently depending on where they live and the relative incomes of their neighbors. As a result, determining eligibility based solely on income comparisons within a geographic area can fail to accurately reflect true economic hardship and need.<sup>33</sup> Using energy burden as the primary mode of eligibility would be more effective and efficient use of utility funds in addressing the needs of the poorest customers.

### **Best Practices and Metrics for Evaluating EA Program Performance**

We recognize the importance of ensuring that ratepayer- and investor-funded programs are used as efficiently and effectively as possible. Renew Missouri's goal is to design EA programs that deliver meaningful outcomes, while acknowledging there are several areas where excessive costs can arise from inefficient or poorly targeted program design.

Good regulation requires EA programs to provide adequate benefits to their intended recipients. The key question is whether current programs are meeting that need. Improving program effectiveness can have the same impact as increasing total funding for EA. To make utility services more affordable, regulators should move beyond strictly cost-based, non-discriminatory pricing—particularly in the context of designing low-income rate structures. There are some overall best practices to consider evaluating efficiencies of EA programs.

1. Ensuring EA recipients receive the maximum benefits relative to dollars spent. This can be thought of in four ways:
  - a. The value customers place on additional consumption of non-energy goods (i.e., rent) and services made possible by the reduction in energy bills from enrolling in an EA program;

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<sup>33</sup><https://bipartisanpolicy.org/article/guest-blog-how-federal-income-eligibility-limits-harm-our-poorest-communities-and-why-a-national-income-eligibility-floor-is-needed/>

- b. The change in the net benefit that a customer receives from consuming energy, also called “consumer surplus”;
- c. The amount a customer would be willing to pay to stay in an EA program, also called “compensating variation;” and
- d. The amount a consumer would be willing to accept to not participate in an EA program, also called “equivalent variation”.<sup>34</sup>

For example, a low-income household may value energy assistance at \$50 per month, meaning that a \$50 subsidy reflects the perceived benefit of the program. However, these measures can underestimate the full value of EA. Households may experience reduced stress from avoiding disconnection, improved financial stability from avoiding large arrearages, and safer living conditions by maintaining adequate heating or cooling. These benefits can be difficult to measure, but they are real benefits that regulators must consider in evaluating Missouri’s EA programs.

## 2. Avoiding cross-subsidization from EA programs

Another important consideration is avoiding inefficient cross-subsidization. Program inefficiencies can arise when price signals encourage excessive energy use or when non-participating customers bear disproportionate costs. Research suggests that lump-sum assistance payments may mitigate these issues more effectively than rate discounts. It may be better to charge cost-based rates to all customers than transfer some of the revenues to eligible households and have that lump-sum payment linked to an income-percentage formula. For example, an eligible household would not have to pay more than 10% of their monthly income to heat their home in the winter.

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<sup>34</sup> Costello, K.W., 2020. Features of good utility-initiated energy assistance. *Energy Policy* 139, 111345.

3. Have reasonable administrative and implementation costs, while maintaining program effectiveness

Streamlining how customers get access to utility assistance would reduce administrative costs and increase program efficiency. Customers should not have to expend inordinate time to obtain utility assistance. There are several options to improve this:

- a. Automatically enroll customers for utility programs if they have previously applied for other social safety net programs (i.e., categorical eligibility);
- b. Allow self-certification by households that wish to sign up for utility programs; and
- c. Enable “one-stop shopping” where they are able to go to one entity to enroll in different assistance programs. Creating up a statewide energy efficiency office would be an excellent place to facilitate this approach if shareholders could agree upon a process to do so.

Education and outreach are also critical components of effective EA programs. Outreach efforts should prioritize households with the greatest need, including those with high arrearages, frequent collection notices, or recent disconnections. Effective outreach requires coordination among utilities and state agencies. Utilities, in particular, should consider directing more administrative funding to social service agencies, which are often best positioned to engage directly with low-income households. CAAs, while essential, are frequently under-resourced, and reallocating funds to on-the-ground partners may improve overall program efficiency.

4. Ensuring financial costs are tolerable for subsidizing customers.

Ensuring the financial burden on non-participating customers remains reasonable is another consideration. Evidence suggests the cost of funding EA programs is generally modest. For example, some states cap surcharges used to fund EA programs—Wisconsin limits such charges to no more than 3% of a customer’s bill. In Pennsylvania, most utilities spend less than 1% of annual revenues on EA programs. While, in Maryland, residential customers contribute

approximately \$0.40 per month. However, areas with higher levels of poverty may require greater investment to achieve meaningful outcomes.

5. EA programs should lower collection costs, service disconnection, arrearages, and debt write-offs.

Finally, effective EA programs should reduce utility system costs by lowering arrearages, disconnections, collection expenses, and debt write-offs. The goal is to help disconnected customers restore service and enable delinquent customers to remain current on their bills. Program performance should be evaluated based on these outcomes. For example, after implementing the Oregon Energy Assistance Program, past-due balances per household declined by \$340, and collection costs decreased by \$190,000.<sup>35</sup>

### **Tying Utility Assistance Programs to Return on Equity**

Utility assistance programs tied to return on equity (“ROE”) operate through Performance Incentive Mechanisms (“PIMs”), which align utility profits with low-income customer outcomes. Traditionally, utility earnings are linked to capital investments such as infrastructure development; however, under modern PIM frameworks, regulators tie a portion of a utility’s authorized ROE to the achievement of specific social and efficiency goals.<sup>36</sup> If a utility meets defined performance metrics—such as reducing arrearages, increasing participation in assistance programs, lowering disconnection rates, or improving overall energy affordability for low-income households—it may receive a modest upward adjustment to its ROE. Conversely, failure to meet these benchmarks can result in financial penalties.

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<sup>35</sup> Quantec LLC, 2004. Draft Utah HELP evaluation comments. Memo, January 30. Scott, Frank, November 1981. Estimating recipient benefits and waste from lifeline electricity rates. *Land Econ.* 57, 536–543.

<sup>36</sup> [Performance Incentives that Align with Equity Priorities](#). Memo, North East Energy Efficiency Partners.

Regulators assess performance using indicators such as reductions in unpaid customer debt, successful enrollment in AMPs, decreased disconnection and faster reconnection rates, increased participation in EA programs and measurable reductions in energy burden. Several states have implemented variations of this approach, including Illinois through the Future Energy Jobs Act and Climate and Equitable Jobs Act, Maine through performance-based earnings adjustments tied to program delivery, New York via its Reforming the Energy Vision initiative, and Ohio through oversight of PIPP program administration. Tying ROE to low-income assistance creates multiple benefits: it aligns shareholder incentives with public policy goals, reduces utility costs associated with bad debt and service disconnections, and improves overall grid stability by helping vulnerable households maintain consistent access to essential energy services.

### **Concluding Remarks**

It is recommended that PSC Staff and other stakeholders take a more holistic approach when considering additional low-income programs. Key indicators of energy affordability—such as persistently high arrearages and elevated energy burden—are not improving under current program designs. To better target need, programs should incorporate both energy burden and arrearage burden as core eligibility and benefit-setting criteria to ensure assistance aligns with what households can realistically afford. Expanding offerings to include models such as PIPPs or tiered discount structures would provide more effective support for low-income customers while also improving payment outcomes and cost recovery for utilities.

Additionally, it is essential that stakeholders are included in the design, improvement, and implementation of EA programs, as they provide critical context that cannot always be captured through data alone. Whatever programs emerge from this docket, it is strongly recommended that

a stakeholder working group convene regularly to support ongoing evaluation, collaboration, and overall program success.

We acknowledge that improving data collection and analysis is a critical first step in designing more effective and robust energy assistance programs. We encourage utilities and Staff to partner with academic researchers and institutions to better interpret and apply this data. A comprehensive assessment should carefully evaluate customer account data, including pre- and post-program participation, compliance rates, payment performance, and the extent to which programs help households avoid accumulating utility debt.

Finally, we encourage further exploration of how energy assistance programs can work together in complementary ways. Rather than eliminating existing programs, policymakers should consider where synergies can be achieved by pairing multiple interventions, allowing programs to address different aspects of affordability and deliver more meaningful, sustained outcomes for customers.

Renew Missouri thanks the Commission for the opportunity to provide these comments. Any questions or responses may be directed to:

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