



CRISES IN AFFORDABILITY OF LIGHT AND HEAT

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ABOUT BLACKS IN GREEN

Founded in 2007, Blacks in Green is the creator of the Sustainable Square Mile – which implements our 8 Principles of Green-Village-Building – a “whole-system solution for the whole-system problem common to Black communities everywhere” considered the gold standard for Black community economic development: where African American families walk-to-work, walk-to-shop, walk-to-learn, walk-to-play, own the businesses, own the land, and live the conservation lifestyle.

ABOUT NCLC

Since 1969, the nonprofit National Consumer Law Center® (NCLC) has used its expertise in consumer law and energy policy to work for consumer justice and economic security for low-income and other disadvantaged people in the U.S.

NCLC's expertise includes policy analysis and advocacy; consumer law and energy publications; litigation; expert witness services, and training and advice for advocates.



THE CAMPAIGN TO END ENERGY POVERTY

CAMPAIGN TO END ENERGY POVERTY

- In recognizing certain industry harms to the neighbors and interests we champion, BIG launched the Campaign To End Energy Poverty, which gave rise to a Black Energy Justice Retreat at our headquarters in July 2022.
- There, in a convergence of 100 community-based organizations, energy experts, environmental justice advocates, and national partners we shared best practices and energy policies.
- Held (and continue to hold) weekly meetings with community representatives to identify issues of importance to utility customers

CAMPAIGN TO END ENERGY POVERTY

Utilities should not punish financially struggling customers with fees and disconnections. The root causes for customers being unable to affordable their utility bills are:

1. they don't make enough money and rates are rising faster than their incomes
2. they live in homes that need weatherization and lack access to renewable energy solutions like solar that would lower their utility bills
3. and they don't have access or a voice in the places where decisions are being made about their energy and other utility services

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WHAT'S NOT FAIR

- When people can't pay their utility bills, they can't work, their children can't go to school, and sick, disabled and elderly people can't remain safely in their homes.
- Utilities are now incentivized under the Public Utilities Act to punish those who can't afford essential utility service.

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ADVANCING WHAT WORKS

- We are told of several programs that the utilities offer in the name of energy affordability and customer assistance.
- We applaud the utilities any time they do better at engaging communities of color and those disadvantaged by historic discrimination.
- But these efforts have not produced affordability, as detailed in data publicly available on the Illinois Commerce Commission website.
- Customer arrearages regularly total in the hundreds of millions of dollars. (\$400 million reported for February 2023)
- Deferred payment agreements fail to retire debt because the terms are unsustainable while trying to afford a bill that is already unaffordable.

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- Utilities are now incentivized to disconnect customers and assess costly late fees
- Sec. 16-111.8 (electric), Sec. 19-145 (gas) of the PUA:
- In order to recover “uncollectibles” (bad debt), a utility must, as evidence of reasonable and prudent efforts to minimize and collect bad debt:
 - Issue late fees
 - Issue disconnection notices
 - Disconnect customers

CAMPAIGN TO END ENERGY POVERTY

WHAT'S FAIR

- Let's switch from a punitive approach of utility revenue collection to one that:
 - prioritizes customer health and safety
 - doesn't punish people for being poor
 - doesn't ignore the roots and realities of the racial wealth gap
 - gives people a shot at affording their monthly bill

Energy Insecurity, Pre-COVID-19

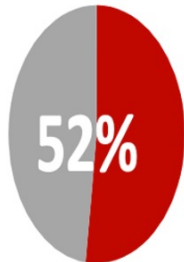
- U.S. Energy Information Administration:



25
Million

25 million households reported *forgoing food and medicine to pay energy bills* in at least some months and 7 million had to forgo food and medicine almost every month.

Nearly 1 in 3 U.S. households faced challenges in paying energy bills or keeping their homes heated or cooled in 2015, as did 50% of households with less than \$20,000 in annual income.



52% of African American households *reported experiencing household energy insecurity*, as did 44% of Latinx Households.

UNAFFORDABILITY: BY THE NUMBERS

- ComEd delivery service rates have increased more than 48% percent since 2012.*
- Ameren Electric delivery service rates have increased nearly 40 percent over the same period.**
- Around a third of Peoples Gas customers are typically eligible for disconnection at any given time during the year because rates are so unaffordable.***
- Nicor Gas rates have increased 288% since 2018.****

* See ICC Rate Case History Report, <https://www.icc.illinois.gov/icc-reports>

** *Id.*

*** See Peoples Gas Light & Coke Company System Modernization Reports, <https://www.icc.illinois.gov/programs/natural-gas-investigations>

**** See ICC Rate Case History Report, <https://www.icc.illinois.gov/icc-reports>

UNAFFORDABILITY: BY THE NUMBERS

- Today, every major electric and gas utility has unprecedented rate increase requests pending before the ICC that will increase monthly bills
- Scheduled to take effect at the end of the year for gas utilities, and on January 1, 2024 for the electric utilities.

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PENDING ELECTRIC AND GAS UTILITY RATE INCREASE REQUESTS

Utility	Rate-hike request	Estimated average impact
ComEd	\$1.47 billion over 4 years	\$4.25 a month, building to \$17 a month by 2027
Ameren Illinois (electric)	\$435.6 million over 4 years	\$6.27 a month (833 kWh/month in usage), building to about \$25 a month by 2027
Peoples Gas	\$402 million a year	\$11.83 a month
Nicor Gas	\$321 million a year	\$9.28 a month
Ameren Illinois (gas)	\$160.4 million a year	\$6.68 a month (for 62 therms/month in usage)
North Shore Gas	\$18.5 million a year	\$6 a month

LIHEAP FUNDING DWINDLING

- While rates have increased exponentially over the last decade, funding for energy assistance (LIHEAP) in Illinois has not been increased since 1999.
- LIHEAP applications are up by more than 30% over last year.
- DCEO predicts LIHEAP funding will run out this month at some agencies and by end of May at all agencies.

CREDIT & COLLECTIONS PROTECTIONS HAVE FAILED CUSTOMERS

- Disconnections of ComEd customers increased by 170% over the 2013-2019 time period *before* COVID hit.*
- Ameren disconnections increased by 79% between 2013 and 2019.**
- The monthly data reported to the ICC shows Deferred Payment Arrangement or DPA default rates in excess of 26% to 37% for the big four utilities for just last month.***

* Illinois Commerce Commission Notice of Inquiry, 20-NOI-1, <https://www.icc.illinois.gov/notice-of-inquiry/20noi-01>, ComEd – 20-NOI-01 Initial Comments, Attachment 01.

** *Id.*, Ameren Illinois Company Initial Comments, Appendix A – Attachment 1.

*** For the month of February, 2023, DPA default rates were as follows: ComEd – 33%, Ameren Electric and Gas 37%, Peoples Gas – 26%, Nicor Gas – 35%.

CREDIT & COLLECTIONS PROTECTIONS HAVE FAILED CUSTOMERS

- We know, too, from monthly zip code level data filed with the ICC that communities of color have been hit hardest by utility disconnection policies and arrearage levels.****
- Each of the major utilities' current policy is to actually *accelerate* disconnections of customers they deem to be in financially at risk. That policy makes no sense since it gives people no time to access needed energy assistance like LIHEAP. Disconnections occur even after the utilities have been notified by community action agencies that a customer is in the process of applying for LIHEAP.

****See <https://www.chicagobusiness.com/utilities/comed-cuts-1-25-households-black-south-side-neighborhoods> See also <https://www.icc.illinois.gov/notice-of-inquiry/20-noi-01>, ComEd 20-NOI-01 Initial Comments, Appendix A Attachment 02; See also *The incidence of extreme economic stress: Evidence from utility disconnections*, S. Cicala, Tufts University, June 28, 2021, <https://www.stevecicala.com/papers/disconnections/disconnections.pdf>.

IMPACT OF UNAFFORDABLE UTILITY SERVICES

- Who most frequently bears the hammer of disconnection?
- Zip code data reveal that Black and Brown/environmental justice communities are disproportionately impacted.

WHAT ILLINOIS ZIP-CODE-LEVEL DATA REVEALS

We now have disconnection data transparency: utilities now file monthly disconnection data by zip code COVID-19 docket settlement and incorporation of monthly zip code metrics in CEJA. (See Sec. 8-201.10 of the PUA)

Tufts University analysis of Ameren and ComEd zip-code-level disconnection data, 2013-2020*:

- Controlling for income distribution and other demographics, customers in non-white neighborhoods were four to five times more likely to have their power disconnected, both in normal times and during the COVID-19 pandemic.
- During the COVID-19 pandemic, there was a ninefold expansion in low-income assistance to pay utility bills, but disconnections were double and deferred payment plans triple their historical averages in October 2020. About 20% of all accounts were charged late fees. The odds for each of these measures were multiples higher in non-white zip codes.
- How to change these outcomes? Significant change in disconnection practices is needed – now and in future.

RISK-RANKING: WHO GETS DISCONNECTED WHEN?

- All major electric and gas utilities in Illinois employ “risk-ranking” of customers
- Third party hired by most to create a “risk analysis” of each customer
- Utility supplies bill payment history data about each customer to contractor
- Blackbox algorithm applied by contractor, creating a numerical, non-transparent ranking
- Utility then accelerates disconnection of customers considered “high-risk”
- Likely employed by utilities throughout the U.S.
- Bottom line: Customers within the same rate class are treated differently, in violation of anti-discrimination provision of Public Utilities Act (Section 9-241).

IMPROVING AFFORDABILITY: CHANGES NEEDED

Ending the punitive approach to Credit and Collections.



ENDING THE PUNITIVE APPROACH TO REVENUE COLLECTIONS

It's worth repeating...

- To be financially struggling is not a character flaw So why the hammer of disconnection?
- Who most frequently bears the brunt of disconnection? (Zip code data reveal that Black and Brown/environmental justice communities are disproportionately impacted by the hammer of disconnection)
- Disconnection as a policy assumes we all had equivalent opportunity to accumulate wealth across the generations and ignores
 - the root causes of poverty -- in particular the structural racism that denied the ability to accumulate generational wealth (e.g. redlining, contract sales)
 - decades of disinvestment in those same communities and denial of access to credit that continues to this day

WHAT'S NEEDED?

Revisions to utility credit and collection procedures that promote continued access to essential utility service

- New credit and collection provisions that lock in more flexible, less punitive practices:
 - End discriminatory risk-ranking
 - Provide “bookend of life” protections to financially vulnerable customers
 - Improve summer moratorium protections to incorporate heat index assessments (HB 1541)
 - Improve medical certification rules
 - Provide robust discount rates for eligible customers
 - No disconnections of customers waiting to hear on LIHEAP applications
 - Require increased spending on low income energy efficiency programs

THE PEOPLES' UTILITY RATE RELIEF ACT (HB2172)

- Two-prong approach to improving affordability and access to ICC decision-making
- Bill requires:
 - Incorporating assessment of affordability in ICC regulatory actions
 - Improved transparency in ICC annual reports
 - Required assessment of current credit and collections zip code-level reports to remedy disproportionate impacts on certain communities

THE PEOPLES' UTILITY RATE RELIEF ACT (HB2172)

- Requires an ICC assessment of credit and collection procedures to remedy disproportionate impacts on certain communities; and
- Revises the existing intervenor compensation statute to eliminate requirement that the Commission “adopt a material recommendation” argued by an intervening organization, and eliminates required showing of financial need so that community based organizations can exercise their right to have a voice at the Commission.
- Requires increased annual budget allocation to low income energy efficiency programs, consistent with low-income population percentage, notwithstanding annual savings goals

THE PEOPLES' UTILITY RATE RELIEF ACT (HB2172)

- Clarifies definition of low-income customer to include anyone whose income falls at or below 80% of area median income
- Provides qualified, financially struggling customers a discounted rate – a commitment that the ICC has already recommended to the General Assembly should happen;
- Provides new protections from disconnection for financially vulnerable customers:
 - seniors (over the age of 65)
 - households with children 6 due to inability to pay

THE PEOPLES' UTILITY RATE RELIEF ACT (HB2172)

- Revises disconnection protections for medical conditions that permit renewals tied to a medical professional's certification and the length of the condition;
- Revises the terms of deferred payment agreements (DPAs) so that they're more affordable and reasonably structured;
- Halts disconnections of pending LIHEAP applicants – particularly given the fact that DCEO (the agency that oversees LIHEAP) reports that more than 90% of the applications for LIHEAP are processed as eligible

THE PEOPLES' UTILITY RATE RELIEF ACT (HB2172)

- Incorporates a humidity heat index assessment in the summertime disconnection prohibition, along with a lower temperature moratorium trigger
- Mandates wintertime disconnection moratorium between December 1 and March 31 (now voluntary if temperature exceeds 32 degrees during that time period)
- Halts electric and gas utilities' current practice of accelerating disconnections of customers deemed at higher risk for nonpayment based on a black-box algorithm scoring system

WHY DISCOUNT RATES ARE NEEDED...

- To those who say, why “subsidize” discount rates among all utility customers?
- Financially vulnerable populations have always been paying for:
 - Renewable energy and nuclear subsidies, infrastructure surcharges that benefit corporate parents, and wealthier ratepayers who can afford the switch to renewables -- but vulnerable populations cannot.
 - LIHEAP funds are insufficient to address the need. (Only 21% of eligible Illinois population accesses LIHEAP/PIPP.)
 - Monthly data show high level of arrearages among non-LIHEAP/PIPP customers.

ADDRESSING DWINDLING LIHEAP FUNDS

LIHEAP funds expected to run out by end of May (DCEO)

- LIHEAP BENEFITS WILL DROP FROM \$1,069 in 2022 TO \$530 THIS FALL if no action is taken.

ADDRESSING DWINDLING LIHEAP FUNDS --

SB 1842

- Coalition of consumer advocates drafted Illinois Senate Bill 1842:
- Partnered with the Illinois Association of Community Action Agencies – critical partner in advocating for passage of the bill
- SB 1842 would:
 - **Accelerate already-scheduled increase of state LIHEAP funding** to double the existing surcharge used to fund LIHEAP, PIPP and weatherization, which is included in customers' flat, monthly "customer charge."

ADDRESSING DWINDLING LIHEAP FUNDS --

SB 1842

- Raises the residential meter surcharge from \$0.48 to \$0.96. (\$5.76 total annual increase for residential customers; \$57.60 annual increase for commercial customers)
- Even with a doubling of the current 48 cent surcharge, average LIHEAP benefits will still drop by more than \$250, assuming continued 30% increase in applications.

ADDRESSING DWINDLING LIHEAP FUNDS --

SB 1842

- Amendment would trigger an additional increase of \$0.24 a month provided that DCEO spends no less than 80% of the allocation from the previous state's fiscal year.
- Additional surcharge increases would be capped at \$1.68 per month.
- With this level of funding, PIPP enrollment could double and average LIHEAP benefits would remain around \$1,069.
- (It would take 3.5 years to get to the capped amount.)

ADDRESSING DWINDLING LIHEAP FUNDS --

SB 1842

- **SB 1842 would also:**
 - **Prohibit** utility disconnections while LIHEAP applications are pending.
 - **Provide** year-round access to energy assistance for low-income households.
 - **Require** state to coordinate databases to enable applicants to prove eligibility through participation in other state and federal programs

ADDRESSING DWINDLING LIHEAP FUNDS --

SB 1842

- SB 1842 would also:
 - **Designate** 1 seat for the Illinois Attorney General's office to serve on the Low-Income Energy Assistance Policy Advisory Council.
 - **Require** major electric and gas utilities to contribute 5% of net operating income (profit) to Energy Assistance Fund.
 - **Remove** all references to "citizens" in the Energy Assistance Act.

NEXT STEPS

- HB 2172 and SB 1842: urgent, surgical, sensible
- Negotiations continue
- Legislative session ends May 19



QUESTIONS?

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THANK YOU!