State Of Maine
Office of the Public Advocate

Electric Ratepayer Advisory Council
Initial Annual Report

December 1, 2022

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I. EXECUTIVE SUMMARY

The Act to Create the Electric Ratepayer Advisory Council, Public Law 2021, chapter 623 (LD 1913), requires an annual report from the Public Advocate to the joint standing committee of the legislature having jurisdiction over utilities and energy matters on the activities and recommendations of the Electric Ratepayer Advisory Council (Council). This document is the initial Council annual report for 2022.

COUNCIL ACTIVITIES

2022 Council activities included:

- The Public Advocate formed the council as specified in the Act.
- The Public Advocate retained SAGE Management Consultants, LLC (SAGE) to assist the Council and draft this report.
- The Council met five times in total for informational presentations, discussions of alternative approaches, and reviewing the draft report.
- Each Council member and staff member, along with several other subject matter experts, were consulted by SAGE for his or her perspective, expertise, interests, and suggestions.

GOALS

The Council recommends seven goals for the electricity assistance programs:

- Fund assistance as much as possible, up to fully funding all low-income ratepayers' assistance needs.
- All low-income ratepayers are offered a chance to participate in the programs.
- Enrollment in the program and annual requalification is easy for the participant.
- If full funding of all assistance needed is not possible, lower income ratepayers would get proportionately greater benefits than higher income ratepayers.
- Reductions in electricity usage are encouraged through energy efficiency education, referrals to energy efficiency programs, and price signals to reduce inefficient usage.
- Program design is administratively efficient; that is, as much assistance funding as possible goes to the participants, rather than to administering the program.
- Alternative funding sources (other than ratepayer) should be explored and implemented.

The Council considered several assistance program alternatives and then developed a set of 2022 recommendations to advance low-income ratepayer assistance towards these goals gradually and incrementally. The recommendations are consistent with Maine policies and initiatives on climate change, beneficial electrification, and clean energy.

INITIAL RECOMMENDATIONS[1]

The 2022 Council recommendations are:

Low Income Assistance Program

1. Make Low-Income Assistance Program (LIAP) benefits monthly rather than two lump sum credits per year.
2. Simplify the LIAP benefit from a variable allocated annual dollar credit benefit to a consistent dollar discount on the participant's total monthly bill.
3. Provide higher benefits for lower incomes.
4. Increase Department of Health and Human Services (DHHS) program LIAP eligibility to include DHHS client households with incomes equal to or less than 150% of the federal poverty level.
5. Make LIAP enrollment automatic for DHHS clients with household incomes equal to or less than 150% of the federal poverty level with an opt-out provision.
6. Make LIAP annual requalification automatic in the enrollment month.
7. Set up an annual adjustment mechanism to allow utilities to provide the full specified monthly discounts to each participant even if the total discounts exceed the budgeted funding in that program year.
8. Apply LIAP discounts to current bills, not arrearages; encourage participants with arrearages to join the Arrearage Management Program (AMP).
9. Reconsider the LIAP funding amount when the standard offer rate changes during each program year.

Arrearage Management Program

10. Add LIAP participation as a way to qualify for AMP eligibility.
11. Repeal the sunset of AMP in 2024.
12. Switch the use of expiring net energy billing credits for additional arrearage forgiveness in AMP to additional funding for LIAP.
13. Allow an AMP participant to miss two payments before disqualification.
14. Allow AMP eligibility once every seven years, rather than just once.

Electric Cooperative Unclaimed Capital Credit Refunds

15. Allow the electric cooperatives to keep unclaimed capital credit refunds in their communities to use for local low-income ratepayer assistance, rather than sending them to the Maine treasury.

Energy Efficiency

16. Ensure all electric assistance participants have a clear understanding of the energy efficiency programs available to them.

[1] The recommendations in this report do not necessarily reflect the individual opinions of Council members.

Funding

17. Increase LIAP funding and add new funding sources to the current ratepayer funding of LIAP.

These recommendations are detailed in Chapter V.

TOPICS DEFERRED TO 2023

The Council started work in June 2022 to prepare a report by December 1, 2022. It was necessary to defer some topics for consideration in 2023, including:

- Low-Income Home Energy Assistance Program (LIHEAP).
- Assistance for low-income small businesses.
- Renters who pay for electricity.
- Energy efficiency programs for renters.
- Community solar/net energy billing and credits (will consult with the current working group).
- The electric rates and rate design and projected changes in those rates and the policy goals and other factors contributing to projected changes in those rates.
- Education and outreach efforts regarding electric assistance programs.
- The retail electricity supply market (will consult with other parties working on this issue).
- The winter disconnection moratorium.

II. BACKGROUND

A. LEGISLATION

An Act to Create the Electric Ratepayer Advisory Council, Public Law 2021, chapter 623 (LD 1913), was approved by the Governor on April 18, 2022, and took effect that day as an emergency measure. The Act is attached to this report as Appendix A. In addition to creating the Council, the Act mandated a number of actions, including:

- The Council shall make recommendations to the Public Advocate regarding methods to ensure that ratepayers are able to afford electricity in the state.
- In developing the recommendations, the Council shall consider existing and projected rates and existing and planned electric assistance programs.
- The Council shall identify methods to:
  - Fund electric assistance programs that do not result in shifting costs to ratepayers.
  - Improve education and outreach efforts regarding electric assistance programs, the retail electricity supply market, and energy efficiency programs.
  - Make energy efficiency programs more accessible to low-income, moderate-income, and small business ratepayers, including renters.
  - Any other methods that may improve the affordability of electricity.

B. ELECTRIC RATEPAYER ADVISORY COUNCIL

COMPOSITION AND REQUIREMENTS

The Act created the Electric Ratepayer Advisory Council and specified its membership. The members were appointed by the Public Advocate to three-year terms and the Public Advocate appointed himself as the initial Chair. The following table lists the seats as specified in the Act and the person appointed to each seat along with the staff support provided as required by the Act from The Office of the Public Advocate (OPA) and the Maine Public Utilities Commission (PUC.

Initial Electric Ratepayer Advisory Council Membership

Seat as Described in Statute	Council Member	Organization	Title
Ex Officio:			
Public Advocate/OPA Designee	Bill Harwood	OPA	Public Advocate
Director of Governor's Energy Office	Dan Burgess	GEO	Director
Public Utility Commission Chair/PUC Designee	Phil Bartlett	PUC	Chairman
Director of Efficiency Maine Trust/EMT Designee	Ian Burnes	EMT	Director of Strategic Initiatives

Seat as Described in Statute	Council Member	Organization	Title
Director of Maine State Housing Authority Designee	Erik Jorgensen	MaineHousing	Sr. Director Of Government Relations & Communications
Voting Members:			
Senior Citizens/Aging Population	Jess Maurer	Maine Council on Aging	Executive Director
Equal Justice Advocacy Org	Ann Danforth	Maine Equal Justice	Policy Advocate
Community Action Agency	Claire Berkowitz	Midcoast Maine Community Action	President/CEO
Statewide Affordable Housing Advocate	Amy Racine	Saco Falls Management	Director of Property Management
Central Maine Power	Linda Ball	CMP	Vice President, Customer Service
Versant	Lisa Martin	Versant	Director of Strategy & Business Transformation
Consumer Owned Utility Representative	Amy Watson	Fox Island Electric Cooperative	CEO
Large Industrial Employer	Shawn Lovley	Pineland Farms Potato Co.	Plant Manager
Research Organization (Economic)	Sharon Klein	University of Maine	Associate Professor
Central Maine Power Customer	Tina Riley	Citizen	CMP Customer
Versant Customer	John Fitzpatrick	Citizen	Versant Customer
Small Business Owner	Kim Brackett	Brackett's Market (Bath)	Owner
Federally Recognized Tribal Representative	Reese Chavaree	Penobscot Nation	Community Services Coordinator
Staff:			
Office of the Public Advocate	Benjamin Frech	OPA	Senior Assistant to Public Advocate
Public Utilities Commission	Deirdre Schneider	PUC	Legislative Liaison
Source: Office of the Public Advocate			

In addition, several subject matter experts from Maine agencies and the public contributed to the Council's work.

The Council is charged to meet at least once per year and each meeting is a public proceeding that may allow for public comment.

2022 ACTIVITIES

The Public Advocate and the Council accomplished the following in 2022:

- Formed the Council as specified in the act.
- Each Council member was interviewed by SAGE for their perspectives and expertise. Additional subject matter experts were also consulted by SAGE.
- The full Council and staff held five public meetings:
  - June 27 – initial organizational meeting
  - August 22 – council introductions and presentation on Current Low-Income Ratepayer Programs
  - September 21 – SAGE presentation and discussion of issues
  - October 12 – reviewed preliminary draft recommendations
  - November 15 – reviewed the draft report

C. ELECTRIC UTILITIES

According to the PUC website, there are 11 electric transmission and distribution utilities in Maine. Two are investor owned and nine are community owned (three cooperatives and six municipal or plantation). The following table lists the utilities, the number of residential customers, and their current total rates.

Maine Residential Electric Utilities, Residential Customers, and Rates

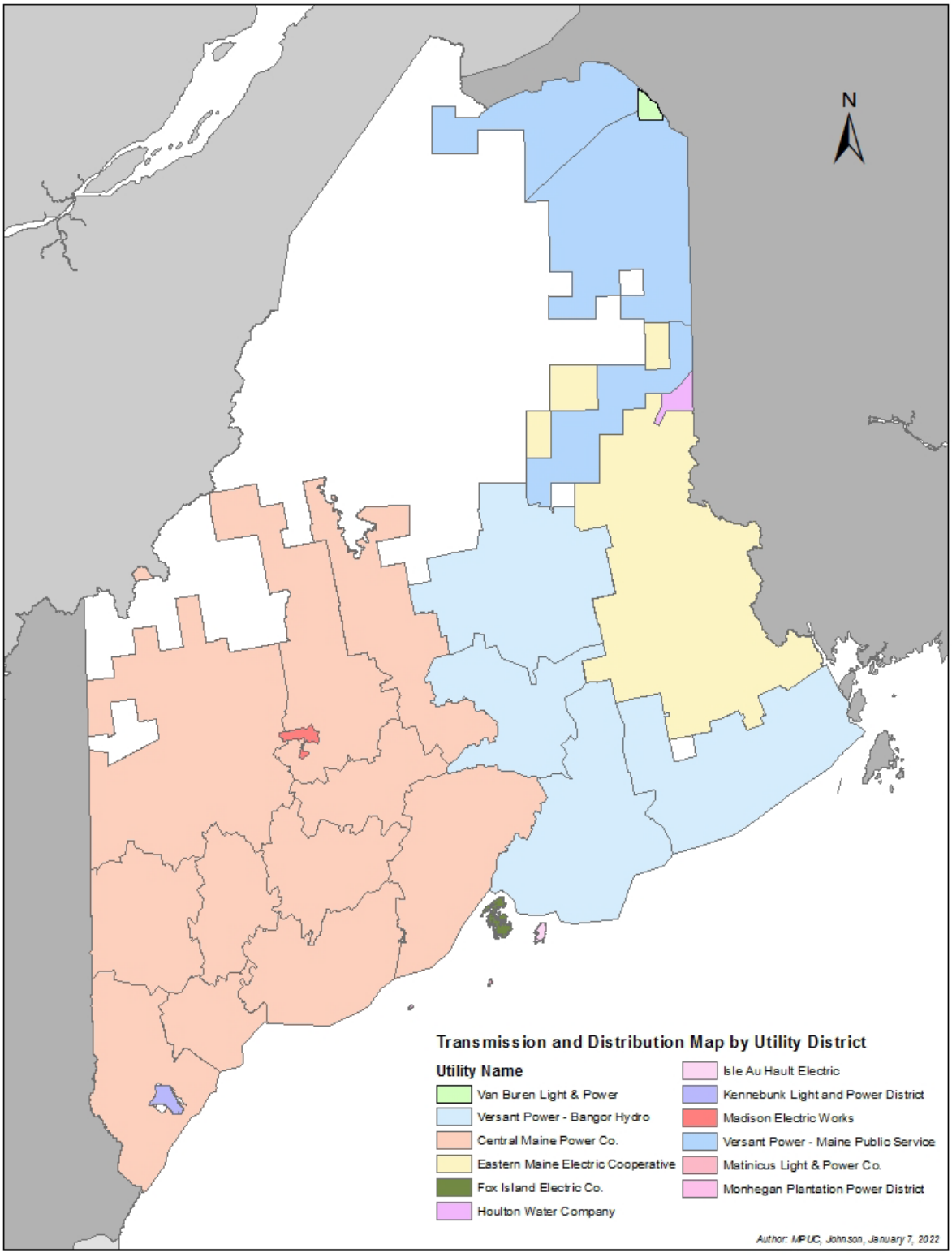
RESIDENTIAL ELECTRICITY RATES IN MAINE As of December 31, 2021[1]								
Utility	Number of Customers (Residential)[2]	% of State Residential Load	kWh[3]	Delivery Rates			Standard Offer Rate (¢/kWh)[5]	Total Rate (¢/kWh)
				T&D[4] (¢/kWh)	Stranded Cost (¢/kWh)	Total Delivery (¢/kWh)		
INVESTOR-OWNED UTILITIES								
Central Maine Power	559,516	79.6%	3,957,695,000	9.4	0.1	9.4	11.8	21.2 ¢/kWh
Versant Power - BHD	133,671	12.9%	639,905,091	11.5	0.1	11.6	11.7	23.3 ¢/kWh
Versant Power - MPD	Included above	3.9%	194,466,683	9.1	0.2	9.3	11.1	20.4 ¢/kWh
COOPERATIVES and MUNICIPAL-OWNED UTILITIES								
Eastern Maine Electric Cooperative	10,395	1.2%	58,508,275	10.7	N/A	10.7	6.6	17.3 ¢/kWh
Houlton	3,907	0.6%	32,185,706	5.1	N/A	5.1	6.6	11.8 ¢/kWh
Van Buren	1,116	0.2%	7,872,728	5.3	N/A	5.3	6.6	12.1 ¢/kWh
Kennebunk Light & Power	6,088	1.1%	52,563,917	2.9	N/A	2.9	10.4	13.3 ¢/kWh
Madison Electric Works	2,259	0.4%	18,206,463	3.7	N/A	3.7	11.9	15.5 ¢/kWh
Matinicus	129	0.0%	205,426	Exempt from Standard Offer requirements				50.2 ¢/kWh
Monhegan	N/A	0.0%	318,501	Exempt from Standard Offer requirements				69.1 ¢/kWh
Fox Island	1,718	0.1%	7,093,790	20.3	N/A	20.3	12.6	33.0 ¢/kWh
Isle au Haut	N/A	0.0%	176,242	Exempt from Standard Offer requirements				47.3 ¢/kWh
Total Residential Customers	718,799							
STATE AVERAGE	N/A	100.0%	4,969,197,822		21.3 ¢/kWh			

[1] Central Maine Power, Versant Power - Bangor Hydro District and Versant Power- Maine Public District information based on residential rates as of 1/1/22.
[2] Number of Customers based on 2020 Annual Report data. The number of customers for each utility will be available when utilities file their 2021 Annual Reports in April 2022.
[3] Kilowatt hours
[4] Transmission and distribution
[5] Standard offer supply for CMP and Versant is procured through a competitive process conducted by the MPUC.

Source: Public Utilities Commission

Following is a map of the utilities' service territories as shown on the PUC website.

Utility Service Territories



D. ELECTRICITY SUPPLY

As reported on the Office of Public Advocate (OPA) website:

Prior to 2000, your electric utility both generated electricity and delivered it to you on its poles and wires. That year a change in law kept the regulated utility responsible for delivery of electricity (transmission and distribution) but created a deregulated, competitive market for generation. As a result, residential and commercial customers can now choose to buy their electricity from licensed competitive electricity providers (CEPs). Those customers who choose not to shop for their electricity supply receive standard offer service, purchased on their behalf each year by the Maine Public Utilities Commission. The standard offer price changes annually on January 1st.

In the past few years residential and small commercial customers have seen an increase in competitive retail supply offers from a variety of companies. We offer the following information to help customers understand this market and decide how to proceed. The chart below is a representative sample of providers operating within Maine as of December 1, 2021. This table lists competitive offerings for residential and small commercial customers as of August 1, 2022 unless otherwise noted.

Products with a higher percentage of electricity generated from renewable resources are noted with a (xx%) after the price showing the percentage of renewable energy included in the product.

Competitive Electricity Provider Rates

Competitive Electricity Provider	Rate for CMP Customers (¢/kWh)	Rate for Versant (Bangor Hydro) Customers (¢/kWh)	Fixed Rate Term	Early Termination Fee
Residential and Small Commercial Standard Offer (PUC)	11.816	11.684	1/1/22 – 12/31/22	No
	17.631	16.438	1/1/23 – 12/31/23	
Ambit Energy	26.25	26.25	Winter Break 12	No
	26.5	26.5	Winter Break 24	
Clearview Energy	20.49	15.09	6 Months (New Customers only, starting 04/2023)	$150
	30.29	22.59	12 Months	
	27.89	20.89	12 Months (New Customers only, starting 04/2023)	
C.N. Brown Electricity	18.48	18.48	13 Months	$100
	19.48 (100%)	19.48 (100%)	13 Months GreenChoice	
	17.17	17.17	24 Months	
	18.17 (100%)	18.17 (100%)	24 Months GreenChoice	
Major Energy Updated 5/1/22	19.29	19.29	12 Months	No
Mega Energy	19.9	19.9	12 Months	$50
SmartEnergy	21.10	19.80	12 Months	No
Think Energy Updated 12/1/21	16.1	16.2	12 Months	$45
	15.7	15.7	18 Months	
	15.5	15.5	24 Months	

Competitive Electricity Provider	Rate for CMP Customers (¢/kWh)	Rate for Versant (Bangor Hydro) Customers (¢/kWh)	Fixed Rate Term	Early Termination Fee
XOOM Energy				$200 for 24 mo.
	18.99	18.49	24 Months	
	18.19 (50% Green)	16.19 (50% Green)	Variable	
Source: https://www.maine.gov/meopa/electricity/electricity-supply				

E. ENERGY EFFICIENCY PROGRAMS

There are two agencies in Maine that offer energy efficiency programs relevant to low-income electric ratepayers, the Efficiency Maine Trust and MaineHousing.

EFFICIENCY MAINE TRUST

The following Efficiency Maine Trust (EMT) summary is taken from the presentation to the Council on Current Low-Income Ratepayer Programs.

Efficiency Maine Trust

Program Area	Description
Funding Source	Utility ratepayer, federal funding, grants
Application Process	Call 866-376-2463 or visit efficiencymaine.com
Eligibility Criteria	Greatly expanded eligibility criteria depending on the program. Uses area median income, any means tested support program, area property values, etc.
Dependencies between Programs	Most programs are independent and driven by customer interest. One exception currently is the Arrearage Management Program which proactively offers customers energy usage data and do-it-yourself measures. In additions, Efficiency Maine has sent all households on HEAP, TANF, SNAP, and MaineCare targeted mailings over the past few years, offering free energy-saving kits and information on other enhanced rebates.
Reference Law	35-A M.R.S. Chapter 97

Efficiency Maine offers an important piece to the support puzzle – making current bills more affordable

"The Efficiency Maine Trust is the administrator for programs to improve the efficiency of energy use and reduce greenhouse gases in Maine. The Trust serves all sectors and all regions of the state. Its suite of nationally recognized programs provides consumer information, discounts, rebates, loans and investments for high-efficiency, clean energy equipment and strategies to manage energy demand. The Trust is a quasi-state agency governed by a Board of Trustees with oversight from the Maine Public Utilities Commission."

Efficiency Maine offers a number of programs that are available to low-income citizens, including:

- ***Heat Pumps:*** *$2,000 rebate*
- ***Weatherization:*** *Rebate is 90% of the project cost, for projects up to $9,000*
- ***Heat Pump Water Heaters:*** *Free and installed (must have an unheated basement space)*
- ***Smart Thermostats:*** *(Natural Gas Customers): $200 reimbursement (only NG customers)*
- ***DIY Kits:*** *(LEDs, aerators, showerhead): Free (reply to the postcard mailer)*
- ***Arrearage Management Program:*** *Free DIY mailer, electricity usage report, information on relevant efficiency upgrades, water heater if eligible*
- ***Electric Vehicles:*** *$2,500 rebate for used vehicles, up to $7,500 rebate on new vehicles*
- ***Weatherization DIY:*** *$200 reimbursement on weather stripping, caulk, and window kits*

MAINEHOUSING

The Maine State Housing Authority (MaineHousing) is an independent authority created by the Maine State Legislature in 1969 whose purpose is to provide affordable home ownership and rental housing opportunities for Maine residents. Energy efficiency programs provided by MaineHousing include:

- Heat Pump Program
  - Pays for the cost and installation of a heat pump for eligible Maine Homeowners
  - Eligibility requirements:
    - Must be eligible for Home Energy Assistance Program (HEAP or LIHEAP) and the Central Heating Improvement Program (CHIP)
    - Must be a homeowner
    - Home must be a good candidate for a heat pump as a secondary heating source
- Weatherization Program
  - Services can include:
    - Energy audits
    - Insulation
    - Weather stripping
    - Caulking
    - Some safety-related repairs
  - Program expenditures of $6.6 million in 2020
  - Served 544 households in 2020

- Eligibility requirements:
  - Household is eligible for the Home Energy Assistance Program (HEAP).
  - Home is in good structural condition.

F. PRIOR WORK BY THE OFFICE OF PUBLIC ADVOCATE

There are two prior relevant studies prepared for the Public Advocate and a study update that are relevant to the Council's work.

2018 MAINE LOW-INCOME HOUSEHOLD ENERGY EFFICIENCY BASELINE STUDY

The August 20, 2018, Maine Low-Income Household Energy Efficiency Baseline Study was prepared by GDS Associates, Inc. for the Office of the Public Advocate. Excerpts and a summary follow:

> *The objective of this study was to develop a representative profile of the energy consumption and energy efficiency characteristics of low-income homes in the state of Maine. This analysis is based on 68 on-site surveys completed from a random sample of low-income households throughout Maine. GDS Associates, Inc. (GDS) conducted these on-site surveys from February to June 2018. These on-site surveys collected comprehensive data regarding primary energy end uses in homes occupied by low-income residents (i.e., space heating, space cooling, water heating, lighting, appliances, and other plug loads) as well as energy and equipment used for transportation.*
>
> *This baseline study report provides the following types of information about energy consumption and energy efficiency characteristics of low-income homes in Maine:*
>
> - *End-use profiles of electric customers including current saturation and energy efficiency levels of energy using equipment in low-income households in Maine*
> - *Information of the amount of insulation in ceilings, walls and floors of low-income households in Maine*
> - *Identification of remaining energy efficiency potential savings for household lighting and appliances*
> - *Comparison of the building and energy using equipment characteristics of low-income households in Maine relative to the population of all residential households in Maine*
>
> *To compare the building and energy efficiency characteristics of LIHEAP program participants to the general population of all residential households in Maine, GDS selected the September 2015 "Maine Single-Family Residential Baseline Study" published by Efficiency Maine as the best source of comprehensive data on the energy efficiency characteristics of all households in Maine. Throughout the report, tables are provided presenting comparisons of the 2018 data on LIHEAP households to the 2015 data on all single-family households in Maine.*

The report covers all energy sources, including electricity. For example, only 5.9% of primary space heating for homes is electric. However, 79.4% of low-income households have secondary portable electric space heaters. Further, 61.3% of primary water heaters are electric. This electricity usage is in addition to all of the normal uses for electricity, such as interior and exterior lighting and appliances.

The report also covers energy efficiency factors such as appliance efficiency, insulation, and windows. However, the report does not cover the amount of electricity consumed in each home.

2019 MAINE LOW-INCOME HOME ENERGY BURDEN STUDY

The June 3, 2019, Maine Low-Income Home Energy Burden Study was prepared for the Office of the Public Advocate by Synapse Energy Economics, Inc. It covers all sources of energy, including electricity. Excerpts follow:

> *The analysis revealed that Maine's low-income households have a high energy burden. Energy burden compares the total energy expenditures to income. The average home energy burden for low-income households is 19 percent. On average, low-income households in the state far exceed the thresholds for the various definitions of energy poverty (generally starting with a minimum energy burden in the range of 6 to 10 percent of household income). In comparison, the study found that the average home energy burden for all Maine households is six percent. Low-income homeowners had a higher energy burden at 22% than renters at 16%.*
>
> *The study findings generally aligned with those of similar studies done nationally and in other regions. For comparison, ACEEE's 2018 national study of home energy burden found that New England and Mid-Atlantic rural households with income less than 200 percent of the federal poverty limit (higher than the income threshold used in the analysis to define low income) experience a median home energy burden of 10.6 percent, and an upper quartile home energy burden of 18 percent. Non-low-income households in the same region (New England and the Mid-Atlantic) experience an average energy burden of 3.9 percent.*

2021 MAINE LOW-INCOME BURDEN STUDY UPDATE TO THE ENERGY, UTILITIES, AND TECHNOLOGY COMMITTEE

On December 1, 2021, Kiera Reardon, the Consumer Advisor in the Office of the Public Advocate, summarized the Low-Income Energy Burden Study mentioned above and identified several emerging issues for the Energy, Utilities, and Technology Committee. Two of the emerging issues relevant to the Council were:

- *LD 506 – An Act To Reduce the Tax Burden on Low-income Electricity Customers is currently on the Appropriations & Financial Affairs Committee's agenda. This bill would remove sales tax from low-income electric bills (residential accounts currently taxed on kWh usage over 750). [This bill was enacted and becomes effective on January 1, 2023.]*
- *Participation rates in HEAP are traditionally lower than the number of households thought to qualify. MaineHousing and the CAAs have worked to increase enrollment, but it is estimated that more than 60% of eligible households are not*

receiving a benefit. Using HEAP as a gateway program for low-income electric benefits and AMP is streamlined and effective, but we know there are households that could benefit from assistance. Thanks to AARP, the eligibility issue has been thoroughly examined in a Public Utilities Commission Inquiry, Docket Number 2021-00061.There are many possible changes to be made to the low-income electric program and the Commission is undertaking that process with an engaged stakeholder group including the OPA, AARP, the consumer and investor owned electric utilities, and Maine Equal Justice.

III. CURRENT LOW-INCOME ELECTRIC RATEPAYER ASSISTANCE PROGRAMS

There are three current assistance programs for low-income electric ratepayers in Maine:

- Low-Income Home Energy Assistance Program
- Electric Low-Income Assistance Program
- Arrearage Management Program

Each is discussed below along with information on electric assistance programs in other states.

A. LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM

The Low-Income Home Energy Assistance Program (LIHEAP) is a federal program offering assistance primarily with home heating in the winter. Most Maine homes are heated with fuel oil or natural gas. However, as noted in Chapter II, 5.9% of Maine low-income ratepayers use electricity as their primary space heating fuel and can receive assistance from LIHEAP for electric space heat costs.

ASSISTANCE

Assistance for each qualified household is provided directly to the vendor or utility account. Average annual total LIHEAP assistance per household ranged from $900 to $1,657 and averaged $1,515 in fiscal year 2021.

ELIGIBILITY AND QUALIFICATION

Households are qualified for LIHEAP assistance at 150% of federal poverty guidelines or 60% of Maine state median income. Local Community Action Agencies contracted by MaineHousing handle applications and qualifications. Households that qualify for LIHEAP are also eligible for the electric Low-Income Assistance Program (LIAP) and the Arrearage Management Program.

PARTICIPATION AND OUTREACH

An estimated 40% of eligible households apply for and receive assistance. Utilities make customers with difficulty paying their electric bills aware of all available assistance programs through their contact centers.

FUNDING

LIHEAP is funded by the federal government, and Maine received $36 million in federal funds in fiscal year 2022 for LIHEAP.

However, funding can come from other sources; recently, the Massachusetts legislature appropriated a $57 million supplement from tax revenues for the fiscal year 2023 Massachusetts LIHEAP to be used to increase household benefit levels.

B. ELECTRIC LOW-INCOME ASSISTANCE PROGRAM

The electric Low-Income Assistance Program (LIAP), also known as the Electric Lifeline Program (ELP) in the Central Maine Power (CMP) territory, is a state program providing

assistance with electric bills to low-income electric ratepayers. Each utility is assessed a proportionate share of the LIAP funding according to its percentage of residential ratepayers in the state. Each utility is then apportioned part of the total fund according to its percentage of LIAP eligible participants. Utilities with larger percentages of the State's residential customers are assessed more and utilities with smaller percentages of the LIAP eligible customers are apportioned less, and vice versa. Utilities recover the assessed amounts in rates set during regular rate cases.

Each year in February or March, the PUC opens a docket to determine the assessment and apportionment amounts for the upcoming LIAP year, which runs from October 1 through September 30. The assessment levels are set by April 1 based on the standard offer electric rates in effect at that time. However, the standard offer rates are reset as of January 1 of each year and may be more or less than the standard offer rates used to set the assessment levels.

ASSISTANCE

There is a LIAP benefit calculation model used by utilities other than CMP that intends to provide benefit amounts based on need. CMP uses its own benefit formula based on income level and usage amount. Inputs into the model include the rates charged for service, the average usage for low-income customers in the utility's service area, the income level of the participant, and an electricity affordability amount of four percent of total annual income. Higher benefit amounts are provided to lower income ratepayers and lower benefit amounts are provided to higher income ratepayers. The benefit levels are based on the percentage of income compared to the federal poverty threshold:

- 0 – 75%
- 76 – 100%
- 101 – 125%
- 126 – 150%

The average LIAP participant benefit amount in program year 2021–2022 was $325 from $7.8 million in funding. Funding was increased to $15 million for program year 2022–2023 with the intent to keep the benefit amounts the same while accommodating increased participation.

ELIGIBILITY AND QUALIFICATION

LIHEAP eligible (up to 150% of the federal poverty level) households are eligible for LIAP. Also, as of October 1, 2022, households participating in a Department of Health and Human Services (DHHS) program (e.g., Supplemental Nutrition Assistance Program or Medicaid) with a household income of 75% of the federal poverty level or less are also qualified for LIAP. DHHS sent letters to qualified clients. The ratepayer simply signs the letter, adds the account number, and presents it to the utility for enrollment in LIAP.

PARTICIPATION AND OUTREACH

2021–2022 program year LIAP participation was approximately 24,000 ratepayers which is 18% of the 132,898 Maine households with incomes less than $30,000, which is approximately 150% of the federal poverty level (24,000 divided by 132,898 equals

18%). Participation is expected to significantly increase in the 2022–2023 program year with the addition of the DHHS program qualified ratepayers.

Example outreach measures to publicize LIAP to eligible ratepayers include utilities making customers aware of available assistance programs through their contact centers, bill stuffers, and website information. And for the 2022–2023 program year, DHHS sent letters to all clients qualified with incomes at or below 75% of the federal poverty level.

FUNDING

LIAP is ratepayer funded through assessments set by the PUC according to a funding formula intended to meet aggregate customer need to each electric transmission and distribution utility. Each utility pays a portion of the total LIAP-need-estimate based on the percentage of the state's residential customers in the utility's territory. Assessments are recovered in rates set in periodic rate cases. The total funding is then apportioned back to the utilities proportionately based on the percentage of LIAP qualified ratepayers that reside in the utility's service territory.

The program year 2021–2022 funding for LIAP was $7.8 million. The funding for fiscal year 2023 is $15 million, which recognizes the expected increase in participation. The PUC estimated cost to expand LIAP eligibility further to DHHS program participants at or below 150% of the federal poverty level (consistent with LIHEAP eligibility) is an additional $44 million for a total of $59 million needed funding.

C. ARREARAGE MANAGEMENT PROGRAM

The Electric Utility Restructuring Act, 35-A, MRSA section 3214, created a pilot Arrearage Management Program (AMP) that will be repealed on September 30, 2024, unless it is renewed. The program works as follows:

- An eligible low-income customer falls behind by specified amount and/or period of time (e.g., $500, with some portion being at least 90 days in arrears).
- If the customer elects to participate, the overdue amount or amount in arrears is set aside. Up to $3,600 can be forgiven per year.
- For each month the customer makes a full payment of the current bill under the program, 1/12th of their amount in arrears, up to a maximum of $300, is forgiven. If the customer remains on the program for a full year, the full amount is forgiven up to $3,600.
- The goal of arrearage management programs is to create a positive relationship between the customer and the utility and encourage on-time payment behavior during the program and after.
- Rather than a direct payment, AMP benefits are earned through on-time payment behavior. Debt is only forgiven when on-time payments are made.
- The program is only offered in the Central Maine Power and Versant Power (investor owned utility) territories. The consumer owned utilities are able to participate, but none are doing so currently.

Customers can only participate in AMP one time.

ASSISTANCE

Assistance started in fiscal year 2016 at an average of $1,450 in arrearages forgiven per ratepayer. Through the third quarter of fiscal year 2022, the average forgiveness increased to $2,400.

ELIGIBILITY AND QUALIFICATION

Ratepayer must be LIHEAP qualified to enroll in AMP. Application and qualification for LIHEAP is through MaineHousing contracted community action agencies.

PARTICIPATION AND OUTREACH

Between 15 and 30% of eligible ratepayers enroll. Outreach efforts include the utilities informing customers with difficulty paying their electric bills of all available assistance programs through their contact centers.

FUNDING

AMP is ratepayer funded.

D. LOW-INCOME ELECTRIC ASSISTANCE PROGRAMS IN OTHER STATES

Example programs from five states that provide assistance to electric ratepayers in paying their monthly electric bills are described below.

VERMONT

In Vermont, the Green Mountain Power Energy Assistance Program (EAP) provides assistance to Green Mountain Power (GMP) low-income households in the form of a discounted electric rate.

The discounted rate is available to low-to-moderate income residential customers using a Residential Service or Residential Time of Use Service. The low-income rates amount to a 25% discount off the existing Residential Service or Residential Time of Use Service rates for the first 600 kilowatt hours (kWh) of usage each month. This discounted rate is available to ratepayers with a household gross income at or below 150% of the federal poverty level. Participants must reapply for this discounted rate once per year. Once determined to be eligible, a household will get a 25% discount off the monthly charge for the first 600 kWh of energy used which can save up to $300 in one year.

NEW HAMPSHIRE

The Electric Assistance Program (EAP) provides eligible customers with a discount on their monthly electric bills. Assistance in the form of utility bill discounts ranged from 8% to 76% depending on income and household size.

Customers of Eversource, Unitil, Liberty and New Hampshire Electric Cooperative (NHEC) are eligible to participate in the Electric Assistance Program. To be eligible, total gross household income must be at or below 60% of the New Hampshire State Median Income (SMI). Outreach efforts include:

- Place posters/flyers in local and county social service offices, such as, offices of aging, Social Security, and the Veterans Administration
- Publish articles in local newspapers or broadcast media announcements
- Include inserts in energy vendor billings to inform individuals of the availability of all types of LIHEAP assistance
- Make mass mailing to past recipients of LIHEAP
- Inform low-income applicants of the availability of all types of LIHEAP assistance at application intake for other low-income programs

All electric utility customers support the statewide EAP through the system benefits charge portion of their electric bill.

New Hampshire also has a Home Energy Assistance Program that covers 100% of the cost to weatherize the homes of income-eligible homeowners and renters and to replace inefficient electric equipment. Eligibility is determined by total household income and the number of household members.

CONNECTICUT

The Connecticut Public Utilities Regulatory Authority (PURA) has recently directed the electric distribution companies doing business in the State of Connecticut, the Connecticut Power and Light Company d/b/a Eversource Energy (Eversource) and the United Illuminating Company (UI) to establish a two-tiered low-income discount rate (LIDR) to proactively provide direct energy assistance to qualifying residential electric customers.

Ratepayers can qualify for one of two tiers of assistance as defined by the allocation of no more than 6% of annual household income spent on building energy costs. Eligibility for Tier 1 is annual household income that is at or below 60% of State Median Income, and eligibility for Tier 2 is annual household income at or below 160% of the federal poverty level, or aligned with existing State benefit programs, and adjusted for family size.[2]

Higher income Tier 1 recipients will receive a 10% discount applied to their total monthly bill. Lower income Tier 2 recipients will receive a 50% discount applied to their total monthly bill.

NEW JERSEY

New Jersey aids low-income electric ratepayers through its Universal Service Fund (USF) program. The USF is a program created by the State of New Jersey to help make natural gas and electric bills more affordable for low-income households. USF lowers the amount eligible ratepayers pay for gas and electricity. To be eligible, household gross income must be at or below 400% of the federal poverty level and pay more than three percent of its annual income for electricity, or more than three percent for natural gas. If a household has electric heat, it must spend more than six percent of its annual income on electricity to be eligible.

[2] Annual household income equal to 60% of State Median Income in Connecticut is higher than an annual household income equal to 160% of the Federal Poverty Level

The LIHEAP application is also an application for the USF. Assistance comes in the form of a credit on the ratepayer's monthly electric or natural gas bill. The USF program is funded by a surcharge on the ratepayers' electric and natural gas bills, and the award period is year-round.

OHIO

Ohio's Percentage of Income Payment Plan (PIPP) provides assistance to eligible ratepayers to manage their energy bills. Payments are based on a percentage of household income and are consistent year-round. If the ratepayer's home is heated with gas, the ratepayer will make a monthly payment of five percent of their gross household income for the natural gas bill, and five percent of their gross household income for their electric bill. If the ratepayer heats with electric, the required monthly payment is ten percent of their gross household income for electricity. The balance of the ratepayer's utility bill (above ten percent of gross household income) is subsidized by the state of Ohio. There is a minimum monthly payment of $10.00.

If applicable, paying on-time and in-full each month also reduces ratepayers' arrearages. If the ratepayer makes 24 on-time and in-full payments, their arrearage with their utility company will be eliminated.

Once a ratepayer is enrolled in the PIPP program, they are required to re-verify their income each year. PIPP participants must also be caught up on all PIPP payments by their anniversary date, which is the date they signed up for PIPP. Failure to report changes in the household income or household members, missing a payment, or not re-verifying income can result in being dropped from the program.

All Ohio residents with a household income at or below 175% of the federal poverty level guidelines with utility service from an electric or natural gas company regulated by the Public Utility Commission of Ohio are eligible for the program. A household applying for PIPP must report total gross household income for the past 30 days (12 months preferred) for all members, except wage or salary income earned by dependent minors under 18 years old. Both homeowners and renters are eligible for assistance. Eligibility for PIPP is based on the annual gross household income and household size.

IV. NEED FOR ADDITIONAL ASSISTANCE

A. LEGISLATIVE MANDATES

In the act creating the Low-Income Assistance Program (LIAP) program (P.L. 1997, Ch. 316, An Act to Restructure the State's Electric Industry), the Maine legislature set the following policy:

> *In order to meet legitimate needs of electricity consumers who are unable to pay their electricity bills in full and who satisfy eligibility criteria for assistance and recognizing that electricity is a basic necessity to which all residents of the State should have access, it is the policy of the State to ensure adequate provision of financial assistance.*

The 2022 creation of the Electric Ratepayer Advisory Council (Council) recognizes that there are still unmet low-income electric ratepayer assistance needs; that is, a gap between what assistance is needed and what assistance is available. The Electric Ratepayers Advisory Council Act states:

> *The Council shall make recommendations to the Public Advocate regarding methods to ensure that ratepayers are able to afford electricity in the state.*

These mandates recognize that, ideally, assistance would be available for the difference between the electric bill and the amount the ratepayer can afford to pay.

B. AFFORDABILITY AND ASSISTANCE NEEDED

This chapter explores the concept of affordability and the range of assistance that would be needed to fully fund electric assistance for the difference between what each low-income ratepayer can afford to pay for electricity and the cost of electricity.

The difference between the electricity cost and the amount ratepayers can afford to pay is governed by four factors:

- The ratepayer's household income
- How much of the household income the ratepayer can afford to pay for electricity (the affordability rate)[3]
- The ratepayer's usage of electricity
- The electricity rates

INCOME

A low-income ratepayer's household income is identified by the Maine Community Action Agencies and the Department of Health and Human Services (DHHS). As Maine residents apply for and requalify for other assistance programs such as for housing, healthcare, or food, the assistance agencies assess the client's household income and

[3] Electricity affordability is part of a larger concept of total energy burden (including, for example, natural gas or fuel oil costs) affordability which is part of a larger concept of what each low-income household can afford for all expenses, including housing, food, transportation, health care, and so on. The scope of the Electric Ratepayer Assistance Council is limited to electricity assistance. The Council is aware of the larger affordability concepts but is focused on electricity affordability.

determine its relationship to the federal poverty level guidelines. For example, a participant's household income may be less than 75% of the federal poverty level guideline or it may be 150% of the guideline. For reference, the federal poverty level guideline for a two- or three-person household is about $20,000.

AFFORDABILITY

How much the ratepayer can afford to pay for electricity (the affordability rate) is stated as a percentage of household income. LIAP currently uses a four percent rate.[4] For example, a ratepayer with $20,000 in household income could afford $800 per year for electricity at a four percent affordability rate (4% X $20,000).

USAGE

The ratepayer determines the amount of usage of electricity, which is stated as the number of kWh consumed each month. The ratepayer determines the usage by the use and efficiency of electric lighting and appliances. Energy inefficient homes and inefficient lighting and appliances cause increased use of electricity. The state's transmission and distribution utilities read the ratepayers' electric meters and record each ratepayer's past and current usage. Typical usage for a residential ratepayer in Maine is approximately 7,500 kWh per year or 625 kWh per month.[5]

ELECTRICITY RATE

The total electricity rate is composed of transmission and distribution rates determined in rate cases, and the annual standard offer bids for the electricity commodity conducted by the PUC. The state's transmission and distribution utilities record each ratepayer's electricity rates and apply them to each ratepayer's monthly usage to get the total electricity cost (multiplying usage times the rates).[6]

AFFORDABILITY AMOUNT AND ASSISTANCE NEEDED

Household income times the affordability rate determines how much the ratepayer can afford for electricity. In the example above, a $20,000 household income at a four percent affordability rate could afford $800 per year for electricity.

Electricity usage times the total electric rate equals the ratepayer's electricity cost. For example, a ratepayer using 7,500 kWh per year at a total rate of $.20/kWh would have an electricity cost of $1,500. The state's transmission and distribution utilities apply the usage and rate information in calculating ratepayers' bills.

In this example, the ratepayer would need $700 of assistance in addition to the $800 amount the ratepayer is estimated to be able to afford to pay the full $1,500 electricity cost.

The challenge in determining the needed assistance for individual ratepayers is combining the income information from the assistance agencies with the usage and rate

[4] Other states use different affordability rates. For example, Ohio uses a 5% rate and New Jersey uses a 3% rate.

[5] Calculated as a typical annual bill of $1,500 divided by a typical cost per kWh of $.20 equals 7,500 kWh.

[6] There also may be a fixed customer charge not related to usage that is part of the total electric bill.

information from the utilities to determine the difference between the ratepayers' electricity cost and what they can afford to pay.

C. BASIC POPULATION AND INCOME STATISTICS

According to the 2020 census, Maine has:

- A population of 1,362,359 people
- 593,623 households with an average of 2.29 persons per household
- Median household income of $59,489
- Per capita income of $33,744
- Poverty rate of 11.5%, or about 157,000 people
- 520,969 residents that are employed
- 21.7% of the population over 65

The following table shows the number of estimated households by total household income ranges.

Households by Total Income Ranges

Total Income Range ($)	US Census Bureau Estimated Households	Cumulative Number of Households	Cumulative Households Percentage
Less than 10,000	32,174	32,174	5.4%
10,000-14,999	26,760	58,934	9.9%
15,000-19,999	23,135	82,069	13.8%
20,000-24,999	25,557	107,626	18.1%
25,000-29,999	25,252	132,878	22.4%
30,000-34,999	24,439	157,317	26.5%
35,000-39,999	26,067	183,384	30.9%
40,000-44,999	25,102	208,486	35.1%
45,000-49,999	20,973	229,459	38.7%
50,000-59,999	44,833	274,292	46.2%
60,000-74,999	59,143	333,435	56.2%
75,000-99,999	85,275	418,710	70.5%
100,000-124,999	57,628	476,338	80.2%
125,000-149,999	38,816	515,154	86.8%
150,000-199,999	38,637	553,791	93.3%
200,000 or More	39,832	593,623	100.0%
Total	**593,623**		
Source: U.S. Census Bureau			

D. POVERTY LEVEL THRESHOLD GUIDELINES

The basic poverty threshold level guidelines are set by the United States Census Bureau and are adjusted by the number and age of family unit members. The 2021 federal poverty thresholds are shown in the following exhibit.

Poverty Thresholds for 2021 in Dollars by Size of Family and Number of Related Children Under 18 Years

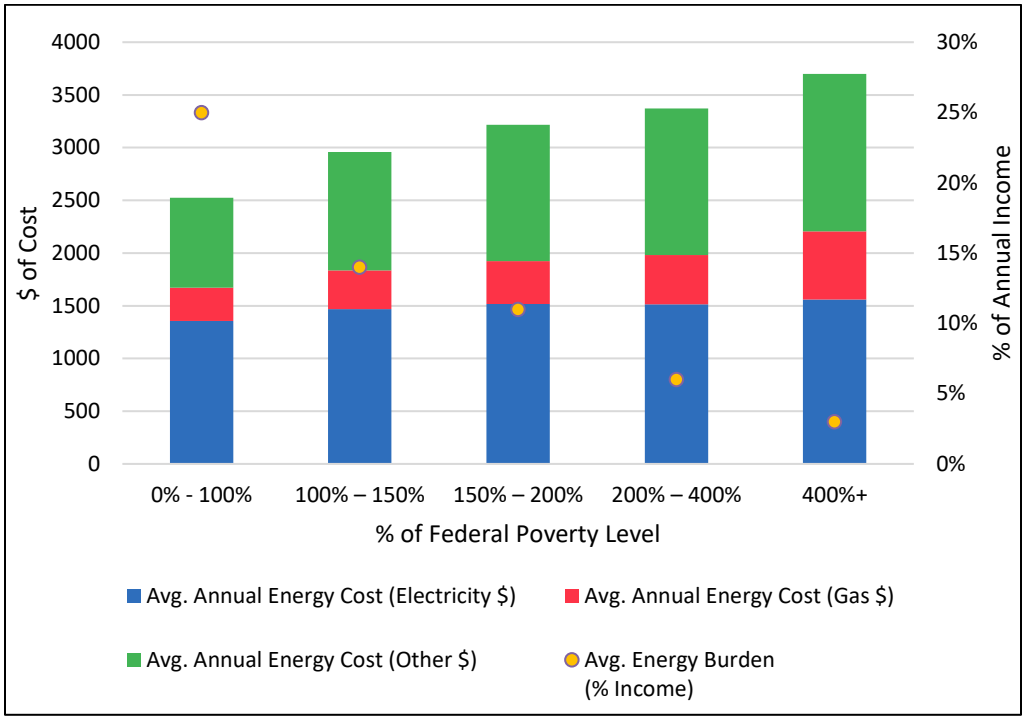
Size of Family Unit	Related Children Under 18 Years								
	None	One	Two	Three	Four	Five	Six	Seven	Eight or more
One person (unrelated individual):									
Under age 65	14,097								
Aged 65 and older	12,996								
Two people:									
Householder under age 65	18,145	18,677							
Householder aged 65 and older	16,379	18,606							
Three people	21,196	21,811	21,831						
Four people	27,949	28,406	27,479	27,575					
Five people	33,705	34,195	33,148	32,338	31,843				
Six people	38,767	38,921	38,119	37,350	36,207	35,529			
Seven people	44,606	44,885	43,925	43,255	42,009	40,554	38,958		
Eight people	49,888	50,329	49,423	48,629	47,503	46,073	44,585	44,207	
Nine people or more	60,012	60,303	59,501	58,828	57,722	56,201	54,826	54,485	52,386
Source: U.S. Census Bureau									

The federal poverty level for a two- or three-person family unit / household ranges from $18,145 to $21,831, with an approximate midpoint of $20,000. 82,069 Maine households have an income less than the approximate $20,000 federal poverty level, which is 13.8% of the total number of households. 132,878 households have an income less than the approximately 150% of the poverty level, $30,000, which is 26.5% of the total number of households.

E. ENERGY BURDEN IN MAINE

The “energy burden” for a household is the percentage of income that goes to pay for energy costs. The following exhibit shows the Maine average annual energy costs by type for various percentage ranges of the federal poverty level. The scale on the left is dollars of cost and the scale on the right is percentage of income.

Maine Average Annual Energy Costs by Type and Poverty Level



Federal Poverty Level	Avg. Annual Energy Cost (Electricity $)	Avg. Annual Energy Cost (Gas $)	Avg. Annual Energy Cost (Other $)	Avg. Annual Energy Cost (Total $)	Avg. Energy Burden (% Income)
0% – 100%	1,355	317	852	2,525	25
100% – 150%	1,467	369	1,124	2,960	14
150% – 200%	1,517	408	1,292	3,217	11
200% – 400%	1,513	469	1,389	3,371	6
400%+	1,560	647	1,493	3,700	3

Source for the Graph and Table: Office of the Public Advocate presentation to the Council using data from the U.S Energy Department Low-Income Energy Affordability Data (LEAD) Tool[7]

Total energy costs for ratepayers at or below the federal poverty level is 25% of their income, and electricity costs account for over one half of that amount (13% of income). Ratepayers over 200% of the federal poverty level only spend 3–6% of their income on energy and 1–3% on electricity. Ratepayers at or below the poverty level spend an average of $2,525 per year on energy and $1,355 on electricity, not much less than the higher income ratepayers at a little over $3,300 and $1,500, respectively.

[7] The Low-Income Energy Affordability Data (LEAD) Tool is designed to help states, communities and other stakeholders create better energy strategies and programs by improving their understanding of low-income housing and energy characteristics. Data for the LEAD Tool comes from the U.S. Census Bureau's American Community Survey 2018 Public Use Microdata Samples.

F. AFFORDABILITY OF ELECTRIC BILLS

Low-income ratepayers may be able to afford to pay a portion of that income for electricity. Affordability is typically stated as a percentage of total income that the low-income ratepayer can afford to pay for electricity. As mentioned in Chapter III, the Low-Income Assistance Program (LIAP) in Maine currently considers four percent of income as the amount low-income ratepayers can afford to pay for electricity. Other states consider affordability for electricity to be as low as three percent (New Jersey) or as high as five percent (Ohio).

Referring to the LEAD table above, for households at or below the federal poverty level, dividing the energy burden of $2,525 by the energy burden percentage of 25% produces an estimated average income of $10,100. For average electric bills of $1,355, this means that ratepayers at or below the poverty level would pay an average 13.4% of their income for electricity. However, if the electricity affordability rate is four percent, that average ratepayer could only afford $404, leaving a need for $951 in assistance. This calculation is shown in the following exhibit.

Example Assistance Calculation

Factor	Example
Total Energy Burden	$2,525
Energy Burden Percentage	25%
Calculated Income ($ burden divided by % burden)	$10,100
Electric Bill Affordability at 4% of Income	$404
Average Annual Electric Bill	$1,355
Assistance Needed (electric bill minus affordability)	$951

The need for assistance reduces as incomes increase. For example, four percent of an income of $37,500 could pay a $1,500 annual electric bill with no assistance needed.

Also, the individual circumstances of each ratepayer affect the need for assistance. For example, a low-income, single person in a small, energy efficient apartment may need no assistance as the four percent of income can cover the whole electric bill. On the other hand, a large family in an energy inefficient house may need a large amount of assistance with its electric bill.

G. DEPARTMENT OF HEALTH AND HUMAN SERVICES AND MAINEHOUSING PROGRAMS

The need for low-income ratepayer assistance with electricity costs corresponds with the need for assistance with other essential costs such as food, health care, and housing. The Department of Health and Human Services (DHHS) and MaineHousing both have several assistance programs for low-income households.

Participation in the DHHS Supplemental Nutrition Assistance Program (SNAP, formerly Food Stamps) may be a good analog for electric ratepayers needing assistance. SNAP is designed to provide assistance to low-income households that cannot afford to purchase enough food for a nutritious, practical, cost-effective diet, just as some low-income ratepayers cannot afford to pay all of their electric bills. In general, the difference between affordability and food cost is intended to be provided as a benefit

through an electronic benefits transfer (EBT) card. This is similar to the goal of providing electric bill assistance for the difference between the electric bill and what the ratepayer can afford to pay for electricity.

SNAP pays benefits based on 130% gross and 100% net of the federal poverty level household incomes, which equates to $24,000 to $30,000 for a family of two or three. Maine's SNAP participation is more than 144,000 individuals and more than 78,000 households. It totals $204 million annually in federal benefits with average benefits of $198 per month. The SNAP participation rate in Maine is 82% of those eligible, which is also the average United States participation rate.

H. ESTIMATED RANGE OF ADDITIONAL FUNDING NEEDED

The total number of ratepayers needing assistance and the total amount of assistance needed are not known for the goal of providing full assistance for the difference between electric bills and affordability. It is necessary to make estimates based on ranges of the variables that will determine the total amount of assistance needed for the recommended assistance expansion. The variables are:

- The number of ratepayers needing assistance; that is, their electric bills exceed what they can afford to pay.
- The rate of participation for those qualified for assistance; that is, the portion of those qualified who choose to participate in the program and accept the assistance.
- The affordability rate; that is, the portion of their income that the ratepayers can afford to pay for their electricity.
- Income; that is, the total income available to the ratepayer.
- The electric bill; that is, the total cost of electricity.

To calculate the potential amount of needed assistance and the gap between needed assistance and currently available assistance, we must make assumptions about the possible range of values for each of the variables.

NUMBER OF RATEPAYERS NEEDING ASSISTANCE

Following are several data points that inform estimates of the number of ratepayers who would need assistance.

- The following exhibit shows the number of residential customers in the Central Maine Power (CMP) territory at various ranges of the federal poverty level as provided by DHHS to CMP and an estimate for all of Maine based on CMP having approximately 83% of the residential customers in Maine.

Number of Customers in Various Ranges of the Federal Poverty Level

Federal Poverty Level	Number of CMP Customers	Cumulative Total Maine Estimate
75% or Less	24,286	29,260
100% or Less	30,357	36,575
125% or Less	39,449	47,529
150% or Less	46,413	55,919
Source: Central Maine Power and DHHS		

Based on this data, the total number of estimated ratepayers at or below 150% of the federal poverty level in Maine is 55,919.

- For the LIAP 2022–2023 program year, CMP is projecting 21,666 new participants resulting from the qualification letters DHHS sent to program participants at or below 75% of the federal poverty level in addition to the 17,666 legacy participants from LIHEAP qualification in program year 2021-2022, for a total of 39,332 total participants.
- The Maine Supplemental Nutrition Assistance Program (SNAP) program offers assistance for households up to 130% of the federal poverty level. Approximately 95,000 households qualify for SNAP benefits (78,000 participants divided by an 82% participation rate).
- Approximately 82,000 Maine households have incomes less than $20,000, which is about the average federal poverty level threshold.
- The 157,000 persons in poverty (approximately 11.5% of the total Maine population of 1,362,359) divided by the Maine average 2.29 persons per household would be about 74,000 households in poverty.

However, most of these numbers are for households, not necessarily electric ratepayers. Some households may not be ratepayers.

Since the total number of ratepayers needing assistance and the total amount of assistance needed are not known, informed estimates must be utilized. These data points were used to produce an estimated range of low-income electric ratepayers needing assistance of 60,000 to 80,000.

PARTICIPATION RATE

For a variety of reasons, not all of those eligible for assistance choose to participate in each assistance program. SNAP has an 82% participation rate, but the LIHEAP program has a 40% participation rate, and the LIAP program only had about a 50% participation rate of LIHEAP-qualified ratepayers before the DHHS program qualification began in October 2022. For purposes of calculating the potential need for electric bill assistance, a range of participation of 60% to 80% was used.

AFFORDABILITY RATE

The LIAP program uses a four percent of income affordability rate. However, some ratepayers may be able to afford a higher percentage of their income for electricity. For potential assistance gap projections, a range of four to five percent was used.

INCOME

The average income for potential electric assistance participants is unknown. Data points used to estimate the average income range are:

- From the Low-Income Energy Affordability Data (LEAD) tool table presented to the Council by the OPA, households from 0–100% of the poverty level have an energy cost of $2,525 which is 25% of annual income. Dividing the $2,525 energy cost by the 25% of income yields an average income level of $10,100.
- Using the households by income range census data, the average income for the five levels from less than $10,000 to $25,000–$29,999 (approximately up to 150% of the federal poverty level) was calculated to be $16,328 using the midpoint for each income range.[8]

For potential assistance gap projections, we used average income ranging from $10,000 to $12,000 per year.

ELECTRICITY COST

There is a wide variation in annual electricity costs depending on the number of household members, the energy efficiency of the residence, and the use and efficiency of lighting and electric appliances. A single person in an energy efficient, small apartment with natural gas heat would have very low electric bills. A large, energy inefficient house with multiple residents and electric resistance heat or multiple electric space heaters would have high electric bills.

The average annual electric bill from the LEAD data for households at or below the federal poverty level is $1,355, with higher bills for higher incomes. However, CMP calculates usage by customers at 70% of the federal poverty level to be 13% above average usage. Because ratepayers with higher electric bills are more likely to need assistance and some low-income customers have high usage, for potential assistance gap projections we used an average electric bill range of $1,400 to $1,800 per year.

I. TOTAL ASSISTANCE NEEDED RANGE ESTIMATE

The following table calculates the total estimated electric assistance needed for the low and high estimates for each variable.

[8] The midpoint for the $0 to $10,000 income range of $5,000 was multiplied by the 32,174 households in that range to get an estimated total income of the households in that range of $161 million. The same calculation was made for the other four levels and the total income of $2.2 billion for all five ranges was divided by the 132,878 total households in the five ranges to get an average $16,328 income per household.

Total Electric Assistance Needed

Variable	Low Total Assistance	High Total Assistance
Qualified Ratepayers	60,000	80,000
Participation Rate	60%	80%
Participants (Qualified ratepayers times participation rate)	36,000	64,000
Affordability Rate	5%	4%
Average Income	$12,000	$10,000
Affordability (Affordability rate times income)	$600	$400
Electric Bills	$1,400	$1,800
Assistance Needed (Electric bill minus affordability)	$800	$1,400
Total Assistance (Participants times assistance needed)	**$28.8 Million**	**$89.6 Million**

This is a wide range of potential assistance needed, from $28.8 million to $89.6 million. If the actual assistance needed were somewhere in the middle for each variable, the total assistance needed would be about $60 million. This is consistent with the PUC's estimate of the total cost of increasing LIAP eligibility to 150% of the federal poverty level of $55 to $60 million.

J. CURRENT ASSISTANCE AND THE ASSISTANCE GAP

CURRENT ASSISTANCE

The 2022–2023 program year available assistance for electric bills for low-income electric ratepayers in Maine is $15 million from LIAP and an estimated $2 million[9] from LIHEAP for a total of $17 million assistance available from current programs. The Arrearage Management Program (AMP) forgives arrearages for successful participants but does not assist with current bills.

Further, there may be $2 million per year or more available from expired solar credits. Currently, this funding is applied to AMP for additional arrearage forgiveness beyond what the ratepayer is earning. This is not in alignment with the spirit of AMP for the ratepayer to earn the arrearage forgiveness. The extra forgiveness from expired solar credits is a windfall for AMP participants. This $2 million from expired solar credits could, instead, be used for additional LIAP funding.

ASSISTANCE GAP

Based on the assumptions and estimates shown above, potential needed electric assistance ranges from $28.8 million to $89.6 million per year. Currently available assistance is $17 million per year. With the addition of expired solar credits, it could

[9] According to the 2018 OPA Maine low-income household energy efficiency baseline study, 5.9% of low-income households use electricity as the primary space heating fuel. Maine LIHEAP had $36 million of federal funding in fiscal year 2022. 5.9% of that funding would be approximately $2 million going to electric utilities to pay electric bills.

increase to $19 million per year. This leaves an assistance gap of $9.8 million to $70.6 million per year, with a midpoint of $40.2 million. This is summarized in the following exhibit.

Assistance Gap

Factor	Low Total Assistance	High Total Assistance
Total Assistance Needed	$28.8 Million	$89.6 Million
Current Assistance Available with Expired Solar Credits	$19.0 Million	$19.0 Million
Assistance Gap	**$9.8 Million**	**$70.6 Million**

Additional funding of an estimated $9.8 million to $70.6 million would have to be secured to provide full assistance to every ratepayer who cannot afford to pay all of their electricity cost. The midpoint of the estimated additional assistance needed is $40.2 million. As detailed in the next chapter, the Council recommends that additional funding be provided from sources other than the ratepayers. However, if the ratepayers were to provide all of the additional funding, it would add a cost of about $.00335 per kWh. ($40.2 million midpoint of additional assistance needed divided by approximately 12 billion kWh sold in Maine per year according to the Energy Information Agency.)

V. ALTERNATIVES AND RECOMMENDATIONS

A. LOW-INCOME ELECTRIC ASSISTANCE PROGRAM GOALS

Ideally, electricity assistance would cover the full amount of each low-income ratepayer's need for assistance – the difference between what the ratepayer can afford to pay for electricity and the cost of electricity. However, as noted in Chapter IV, fully funding all needed assistance could cost as much as $90 million per year, well above the $15 to $19 million in currently available assistance. While the Council recommends eventually fully funding all needed electricity assistance, it realizes that meeting this ultimate objective may have to occur in incremental steps. Therefore, the Council's 2022 recommendations are crafted to utilize any additional funding that can be made available in an optimal manner.

The Council recommends seven goals for the electricity assistance program:

- Fund assistance as much as possible, up to fully funding all low-income ratepayers' assistance needs.
- All low-income ratepayers are offered a chance to participate in the program.
- Enrollment in the program and annual requalification is easy for the participant.
- If full funding of all assistance needed is not possible, lower income ratepayers would get proportionately greater benefits than higher income ratepayers.
- Reductions in electricity usage are encouraged through energy efficiency education, referrals to energy efficiency programs, and price signals to reduce inefficient usage.
- Program design is administratively efficient; that is, as much assistance funding as possible goes to the participants, rather than to administering the program.
- Alternative funding sources (other than ratepayer) should be explored and utilized.

The Council considered several assistance program alternatives and then developed a set of 2022 recommendations to advance low-income ratepayer assistance towards these goals.

B. ASSISTANCE PROGRAM ALTERNATIVES

As covered in Chapter III, other states take a wide variety of approaches to providing assistance to low-income electric ratepayers. Three basic assistance models are described below.

Percentage of Income Payment Plan

Full electricity assistance to each low-income ratepayer is the ideal solution. The concept is to make each individual participant's assistance amount equal to the electricity cost minus affordability (the percentage of their income that participants can afford to pay for electricity). For example, if a participant can afford to pay $800 and the cost is $1,500, the assistance would be $700.

Because each ratepayer is considered individually, qualification for assistance would not be tied directly to the federal poverty level but would likely be limited to ratepayers

with household incomes up to 200% of the federal poverty level.[10] Some lower income ratepayers may be able to afford to pay their full electric bill, and some higher income ratepayers may not. For example, a single person at the poverty level but living in a small, energy efficient apartment with natural gas heat may be able to afford the entire electric bill and use the Low-Income Home Energy Assistance Program (LIHEAP) benefit for assistance with the natural gas bill. On the other hand, a large family with household income at 200% of the federal poverty level in an energy inefficient house with multiple portable electric space heaters and other inefficient electric appliances and lighting might not be able to afford its entire electric bill.

The LIAP benefit calculation models would have to be adjusted to implement this alternative. Currently, utilities must parcel out the available annual LIAP funding among the program participants following program guidelines. Under this concept, the assistance agencies would calculate the full electricity assistance benefit needed for each participant based on the difference between what each ratepayer can afford and the projected total annual bill amount based on past usage and current rates. Each individual participant's assistance amount would then be equal to the electric bill minus what they can afford to pay for electricity.

This is the general approach taken by New Jersey and Ohio.

New Jersey has a Universal Service Fund (USF) that provides energy assistance to households with incomes up to 185% of the federal poverty level. The USF was established in 2003 and is funded by a Societal Benefits Charge on ratepayer's utility bills. The USF provides assistance in the form of monthly bill credits to those income eligible ratepayers that spend more than three percent of their annual income for each electric and gas utility service, or more than six percent of annual income on electric service if they have electric heat. Participants receive monthly bill credits for electric costs above three percent or six percent of annual income with a cap of $150 per month or $1,800 per year.

This approach provides the full assistance needed to most low-income ratepayers. However, it is costly to develop, implement, and operate and requires extensive enabling legislation, strong implementation project management, and close cooperation between the assistance agencies and the utilities. It also removes the price signal for electricity conservation at lower levels of usage.

This is the approach also taken by Ohio in its Percentage of Income Payment Plan (PIPP). If the ratepayer's home is heated with gas, the ratepayer will have a monthly payment of five percent of gross household income for the natural gas bill and five percent of the gross household income for the electric bill. If the ratepayer heats with electricity, the monthly payment is ten percent of the gross household income for electricity. The balance of the utility bill is subsidized by the state of Ohio. There is a minimum monthly payment of $10.00.

[10] 200% of the federal poverty level is approximately $40,000 in household income per year. Four percent electric affordability of $40,000 is $1,600, which is higher than the average annual electric bill of around $1,515 for that income level.

Ohio goes further to include an Arrearage Management Program feature. Paying on-time and in-full each month reduces the arrearage amount by 1/24. If the ratepayer makes 24 on-time and in-full payments, the full arrearage will be eliminated.

The Ohio assistance agency confirms applicant income level and affordability and reconfirms participant income level and affordability annually. The utilities charge the calculated affordable amount each month to each participant.

This concept has the advantage of providing the full calculated assistance needed for each individual low-income ratepayer. Each participant pays the same amount each month which is helpful for budgeting. However, this concept is costly to develop, implement, and operate and requires extensive enabling legislation, strong implementation project management, and close cooperation between the assistance agency and the utilities. It also removes the price signal for electricity conservation.

Expand LIAP DHHS Qualification, Easy Enrollment, and Funding

This alternative simply continues the current LIAP program but expands the potential LIAP qualification notification program from DHHS to current and new clients to up to 150% of the federal poverty level and increases funding to achieve targeted benefit amounts for all participants. The PUC would set a target benefit amount for each LIAP tier based on the funding level.

As it is with the current DHHS qualification of 75% or less of the federal poverty level, the DHHS client would present the DHHS LIAP qualification and income tier letter to the relevant utility for enrollment in LIAP. The utility could then use the income tier information to slot the new participant into the proper LIAP tier.

An enhancement to the expanded potential LIAP qualification notification to DHHS clients would be to have the DHHS client agree in writing that the client's income tier level can be provided to the relevant utility by DHHS and that the client would like to enroll. The utility could then enroll the client in LIAP without further action by the DHHS client.

Tiered Discounts Based Only on Income

The third alternative is to simplify the benefit formula to consider only income, not usage, and provide a monthly discount on the participants' electric rates or monthly bill. Discounts would be calculated based on tiers of income. Lower tiers get higher discounts and higher tiers get lower discounts. For example, participants under 75% of the federal poverty level might get a 40% discount and participants from 150% to 200% might get a 10% discount. Utilities would use income tier information from the assistance agencies to identify the correct monthly discount for each program participant.

This is the concept used by New Hampshire, Connecticut, and Vermont. For example, New Hampshire has established the Electric Assistance Program (EAP) which gives eligible customers a discount for the first 750 kWh on their monthly electric bills. The discount depends on the ratepayer's gross household income, household size, and electricity usage. The income eligibility threshold is established at 60% of the New Hampshire State Median Income. The five monthly discount percentages are 76%, 52%, 36%, 22%, and 8%, with the 76% discount applicable to the lowest income level

and the 8% discount applicable to the highest income level. This concept is also utilized by Connecticut with two tiers and Vermont with a single tier.

This concept has the advantages of lower development and operations administrative costs and provides a consistent monthly percentage discount that makes budgeting easier, and the lower bill makes it more likely that the ratepayer can pay the full electric bill. It also continues the price signal to conserve inefficient usage as the ratepayer must still pay the undiscounted portion of the electric bill.

C. RECOMMENDATIONS

In the long run, the Council recommends that all low-income electricity assistance needs be provided by increasing assistance funding and lowering electric bills through energy efficiency programs or other means. As a practical matter, this year the Council is recommending incremental improvements towards achieving that ultimate goal.

2022 RECOMMENDATION AREAS

The Council is making 2022 recommendations in five areas:

- Low-Income Assistance Program
- Arrearage Management Program
- Electric Cooperative Unclaimed Capital Credit Refunds
- Energy Efficiency Programs
- Funding

Each area is covered in a separate section below.

LOW-INCOME ASSISTANCE PROGRAM

The Low-Income Assistance Program (LIAP) is the principal state assistance program for electric ratepayers. LIAP, also known as the Electric Lifeline Program (ELP) in the Central Maine Power territory, is a state-wide program providing assistance with electricity bills to low-income electric ratepayers. Each utility is assessed a proportionate share of the LIAP funding according to its percentage of residential ratepayers in the state. Each utility is then apportioned part of the total fund according to its percentage of LIAP eligible participants. Utilities with larger percentages of the State's residential customers are assessed more and utilities with smaller percentages of the residential customers are apportioned less, and vice versa. Utilities recover the assessed amounts in rates set during regular rate cases

Each year in February or March, the PUC opens a docket to determine the assessment and apportionment amounts for the upcoming LIAP program year, which runs from October 1 through September 30. The assessment levels are set by April 1 based on standard offer electric rates in effect at that time, the target benefit levels, and the projected number of participants in each benefit tier. However, the standard offer rates are reset as of January 1 of each year and may be more or less than the standard offer rates used to set the assessment levels. Additionally, the number of participants may be more or less than the number projected in each benefit tier.

LIAP benefits for each low-income ratepayer are determined by a formula that considers both income and usage. The benefits are calculated in tiers with the lower

income/higher usage tier participants receiving higher benefits than the higher income/lower usage tier participants. The Community Action Program (CAP) agencies communicate the income range of each participant to the utilities. The utilities use that income range information and their own usage information to slot each participant into the correct benefit tier.

The benefit to each participant is a share of the total funding of the LIAP program. That is, the utilities allocate the available funding among the program participants through bill credits. While there is a target benefit, the actual benefit to each participant depends on how many participants there are in each tier of the program. For example, in the 2022–2023 program year, LIAP funding was doubled to $15 million but DHHS clients at or below 75% of the federal poverty level guideline became categorically eligible for LIAP and only need to present the qualification letter from DHHS to their utility to be enrolled in LIAP. This will significantly increase participation in LIAP, which formerly only enrolled Low-Income Home Energy Assistance Program (LIHEAP) participants who applied for LIAP. Only an estimated 30% of LIHEAP participants enrolled in LIAP.

The new DHHS clients enrolling in LIAP are generally at the tier receiving the greatest benefit since they are very low income. Even though the LIAP funding doubled, the benefit to each participant may be lower this year than last because there are more participants in the tier with the highest benefit. The utilities credit part of the benefit as participants enroll and then do a true-up credit for each participant at the end of the program year to allocate proportionately the remaining funding available among the participants.

Recommendations for LIAP follow.

1. Make LIAP benefits monthly rather than two lump sum credits per year.

Currently, LIAP credits are applied to two monthly bills, the first when they enroll and the second at program year end when the utilities match the credits to the available funding. Participants do not know what the second credit amount will be and cannot factor that into their budgeting.

Monthly benefits will assist participants with budgeting. It will also assist Arrearage Management Program (see the Arrearage Management Program recommendations below) participants to be more successful as it will lower their monthly bills and give them a better chance to stay current.

Utilities should be reimbursed for the costs of implementing this change and any additional ongoing costs through regular rate proceedings. Also, it may be necessary to make an exception for community owned utilities that may not have the resources necessary to implement this change.

2. Simplify the LIAP benefit from a variable allocated annual dollar credit benefit to a consistent dollar discount on the participant's total monthly bill.

Currently, there are different methods for calculating benefits from utility to utility with consideration of the participant's usage as one of the factors. This recommendation is to make the benefit simply a state-wide consistent dollar discount on the participant's total

bill.[11] The utilities would deduct the specified dollar discount from each participant's total bill each month.

This recommendation retains a price signal to conserve inefficient usage as the participant will still have to pay for usage above the benefit discount amount.

3. Provide higher benefits for lower incomes.

Until all needed assistance can be provided to every low-income ratepayer, the available assistance funding should be proportionate to income levels. Declining discount percentages of funding would be assigned to each of four tiers of federal poverty level ranges. Benefits would be higher for lower income ranges and lower for higher income ranges, proportionate to the number of participants in each tier as shown in the following exhibit.

Proportionate Funding by Income Level

Tier	Federal Poverty Level Ranges	Proportionate Funding
1	0 – 75%	40%
2	76 – 100%	30%
3	101 – 125%	20%
4	126 – 150%	10%

The PUC would set the benefit funding for each tier based on available funding and projected participation by tier. For example, if there were 50,000 total participants and they were distributed among the four tiers in proportion to the approximate number of households in those income tiers, there would be about 26,000 Tier 1 participants and 8,000 participants in each of Tiers 2, 3, and 4. Allocating the available funding would use a weighted average of the participants and the funding allocation ratio as shown in the following exhibit.

Example Funding Allocation Among Tiers

Tier	Participants	Funding Ratio	Total	Weighted Average Funding
1	26,000	4	104,000	68.4%
2	8,000	3	24,000	15.8%
3	8,000	2	16,000	10.5%
4	8,000	1	8,000	5.3%
			152,000	

[11] The alternative to discounts on the total bill is discounts on the transmission and distribution (T&D) rate. However, there is not enough of the T&D component of the total bill to support the discount at higher levels of funding. The discount would exceed the T&D bill.

Using the example number of participants in each tier and the 4:3:2:1 funding ratios, Tier 1 would get 68.4% of the available funding, Tier 2, 15.8%, Tier 3, 10.5%, and Tier 4, 5.3%.

Following are examples of benefit amounts by tier for $15 million, $25 million, and $35 million annual funding using the funding allocation percentages shown above. For instance, in the $15 million funding example below, Tier 1 gets 68.4%, or $10.3 million of the $15 million available funding because it has more participants and a higher share of the funding for being the lowest income tier.

Benefits by Tier Examples

$15,000,000					
Tier	**Participants**	**Total Assistance**	**Annual Benefit per Participant**	**Monthly Benefit per Participant**	**% Discount off Average $1,515 bill**
1. 0-75%	26,000	$10,263,158	$395	$33	26%
2. 76-100%	8,000	$2,368,421	$296	$25	20%
3. 101-125%	8,000	$1,578,947	$197	$16	13%
4. 126-150%	8,000	$789,474	$99	$8	7%
Totals	50,000	$15,000,000			

$25,000,000					
Tier	**Participants**	**Total Assistance**	**Annual Benefit per Participant**	**Monthly Benefit per Participant**	**% Discount off Average $1,515 bill**
1. 0-75%	26,000	$17,105,263	$658	$55	43%
2. 76-100%	8,000	$3,947,368	$493	$41	33%
3. 101-125%	8,000	$2,631,579	$329	$27	22%
4. 126-150%	8,000	$1,315,789	$164	$14	11%
Totals	50,000	$25,000,000			

$35,000,000					
Tier	**Participants**	**Total Assistance**	**Annual Benefit per Participant**	**Monthly Benefit per Participant**	**% Discount off average $1,515 bill**
1. 0-75%	26,000	$23,947,368	$921	$77	61%
2. 76-100%	8,000	$5,526,316	$691	$58	46%
3. 101-125%	8,000	$3,684,211	$461	$38	30%
4. 126-150%	8,000	$1,842,105	$230	$19	15%
Totals	50,000	$35,000,000			

As mentioned before, the actual number of eventual participants by tier is unknown at this time. Changing the number of participants in each tier will change the benefit calculation.

4. Increase DHHS program LIAP eligibility to include DHHS client households with incomes equal to or less than 150% of the federal poverty level.

Currently, ratepayers who are qualified for LIHEAP are eligible for LIAP. Households are eligible for LIHEAP at up to 150% of the federal poverty level, about $30,000, or 60% of the median state income of approximately $60,000, about $36,000. However, only about 50% of LIHEAP participants apply for LIAP benefits.

Starting in the 2022–2023 program year, DHHS client households at or below 75% of the federal poverty level became categorically eligible for LIAP which is expected to significantly increase LIAP participation.

Ultimately, the Council recommends that LIAP eligibility be increased to 200% of the federal poverty level. At 200%, a typical household has $40,000 of income which, at a four percent of income affordability rate, could afford $1,600 of electricity (4% x $40,000 = $1,600), which is more than the average annual electricity cost of $1,515 for ratepayers at that income level. Most ratepayers above that income level would not need assistance with electricity.

For the 2023–2024 program year, the Council recommends increasing the eligibility for DHHS clients incrementally to 150% or less of the federal poverty level. This aligns with the existing LIHEAP to LIAP eligibility qualification of household income at or below 150% of the federal poverty level.

DHHS clients with incomes at or below 150% of the federal level could have separately applied for LIHEAP through MaineHousing in prior years. Had they done so, they would have qualified for LIAP also.

For the 2022–2023 program year, DHHS sent LIAP qualification letters to client households at or below 75% of the federal poverty level. The recommendation is for the DHHS LIAP qualification letters to expand from the current 75% or less of the federal poverty level to 150% or less of the federal poverty level in the next program year.

5. Make LIAP enrollment automatic for DHHS clients with household incomes equal to or less than 150% of the federal poverty level with an opt-out provision.

DHHS would confirm that each LIAP eligible client is a utility customer, and, if so, inform the client that they will be automatically enrolled in LIAP based on their income relative to the federal poverty level and their benefit discount tier by letter unless they opt-out within a certain time period. DHHS would notify the relevant utility for enrollment immediately following the opt-out period.

DHHS should be reimbursed for the costs of providing LIAP enrollment notices and the utilities should recover any additional administrative costs through regular rate cases.

6. Make LIAP annual requalification automatic in the enrollment month.

Annual requalification for LIAP should occur in the participant's enrollment month rather than any time during the program year. Each month, the utilities should notify DHHS of the LIAP participants who need to requalify for the continuation in assistance. DHHS should confirm the participant's continued qualification and proper assistance tier to the utility. Should the participant no longer be qualified or belong in a different assistance tier because of changes in income, DHHS would notify the participant and the utility.

Again, DHHS should be reimbursed for the costs, and the utilities should recover any additional administrative costs through regular rate cases.

7. Set up an annual adjustment mechanism to allow utilities to provide the full specified monthly discounts to each participant even if the total discounts exceed the budgeted funding in that program year.

Currently, the LIAP assessment to the utilities is set before the number of LIAP participants by tier is known. LIAP benefits are calculated by utilities as a portion of the funding available rather than calculated to achieve a specific level of assistance. If participation is greater than projected, the LIAP assistance will be a lower amount than originally intended for each participant.

Utilities post the LIAP credit to participants' bills in two lump sums with the first being at enrollment. Utilities then adjust the second lump sum credit to participants to match the available funding for LIAP that program year. At the beginning of the year, the number and tier level (there are multiple tiers based on income and usage) of participants for the year is unknown as participants can apply at any point during a program year. So, the utilities wait until the end of the program year to calculate a second lump sum credit to participants that will match the LIAP funding available.

With the current two lump sum credits, participants do not know how much the second credit will be and cannot accurately plan and budget for it. Going forward, the PUC established bill discount for each tier should be applied to each participant's monthly bill throughout the year with a true-up mechanism with each utility at year-end to cover overspent or underspent discounts.

It also may be necessary to make an accommodation for community owned utilities if an overspending situation would result in a cash flow problem.

8. Apply LIAP discounts to current bills, not arrearages; encourage participants with arrearages to join the Arrearage Management Program.

The Arrearage Management Program (AMP) is designed to assist ratepayers who have arrearages but can pay their current bill. The arrearage is forgiven over time if the ratepayer pays their current bill in full on time.

Presently, if an AMP participant has an arrearage, the LIAP credit is first applied to pay the arrearage and then to pay the current bill amount. For example, if a ratepayer has a $500 arrearage and receives a $400 LIAP credit, then the credit would go to reduce the arrearage to $100, and no credit would be applied to the current bill. Instead, the LIAP benefit should be applied to the current bill. The one exception might be if the LIAP funds are needed to avoid disconnection.

AMP is designed to assist ratepayers with arrearages. LIAP participants with arrearage problems should be referred to AMP. Applying LIAP discounts monthly to current bills will assist AMP participants to be successful by making the monthly bills lower.

9. Reconsider the LIAP funding amount when the standard offer rate changes during each program year.

During each LIAP October to September program year, the standard offer rates change in January, and the electricity cost for ratepayers may increase for the nine months remaining in the program year. A significant increase in the standard offer rate may cause undue hardships for the LIAP participants for the remaining months of the LIAP program year as the recommended LIAP discount amounts would not automatically change with the change in the standard offer rate. Should significant standard offer rate increases occur, it may be necessary to increase funding for LIAP for the remainder of that year by some extraordinary means.

ARREARAGE MANAGEMENT PROGRAM

The Arrearage Management Program (AMP) forgives arrearages over time for participants who keep current with their monthly bills. AMP is a focused assistance program designed to assist ratepayers who, for reasons such as a layoff, illness, or unexpected expense, got behind on their electric bills but can now pay the current bill though not the arrearage amount. Ratepayers who are qualified for LIHEAP are also eligible for AMP.

The Electric Utility Restructuring Act, 35-A, MRSA section 3214, created a pilot AMP that will be repealed on September 30, 2024, unless it is renewed. The program works as follows:

- An eligible low-income customer falls behind by specified amount and/or period of time (e.g., $500, 90 days).
- If the customer elects to participate, the overdue amount or amount in arrears is set aside. Up to $3,600 can be forgiven per year and $7,200 over two years.
- For each month, the customer makes a full payment of the current bill under the program, 1/12th of their amount in arrears, up to a maximum of $300, is forgiven. If the customer remains on the program for a full year, the full amount is forgiven up to $3,600.

- The goal of AMP is to create a positive relationship between the customer and the utility and encourage on-time payment behavior during the program and after.
- Rather than a direct payment, AMP benefits are earned through on-time payment behavior. Debt is only forgiven when on-time payments are made.
- The program is only offered in Central Maine Power and Versant Power (investor owned utility) territories. The publicly owned and customer owned utilities are eligible to participate, but none are doing so currently.
- Customers can only participate in AMP one time.

Recommendations for AMP follow.

10. Add LIAP participation as a way to qualify for AMP eligibility.

Currently, the only way to qualify for AMP is to first qualify for LIHEAP. Going forward, qualification for LIAP should also qualify a ratepayer for AMP which will allow the new DHHS program LIAP participants to also be eligible for AMP. All LIAP eligible ratepayers should receive notice of their right to participate in AMP.

Enrollment in AMP for LIAP participants who qualify for AMP would provide forgiveness of 1/12 of their arrearages for each on-time full payment of the monthly bill. With a monthly total bill discount, LIAP participants will have a better chance to pay their, now lower, current monthly bills in full. The notification process should include education on the program and the ratepayer's responsibility by letter and telephone.

11. Repeal the sunset of AMP in 2024.

Without action, AMP will be sunset in 2024. AMP has been a successful program for ratepayers who got behind on their electric bills because of some situation but resolved that situation and returned to paying their monthly electric bill payments on-time.

If the sunset of AMP is repealed, then the 2024 reporting requirement should be repealed as well.

12. Switch the use of expiring net energy billing credits for additional arrearage forgiveness in AMP to additional funding for LIAP.

AMP forgives a portion of a participant's arrearages each month full payment of the electric bill is on-time. Part of the design of AMP is to encourage the formation of good habits by keeping electric bill payments current over an extended number of months.

Currently, expiring net energy billing credits are being used for additional AMP participant arrearage forgiveness. This is a windfall for the AMP participant and is not consistent with the spirit of AMP.

Going forward, it will be better to apply the expiring net energy billing credits to additional funding for LIAP.

13. Allow an AMP participant to miss two payments before disqualification.

Currently, one utility only allows an AMP participant to miss one payment before program disqualification; the other allows two misses before program disqualification. Going forward, the program should be standardized to allow two misses with

disqualification on the third missed full current bill payment. No arrearage forgiveness should occur in months in which the current bill is not paid on-time in full.

14. Allow AMP participation once every seven years rather than just once.

Currently, ratepayers may participate in AMP only once. However, an AMP participant may experience the kind of situation that caused their need for AMP the first time again. AMP should be available if needed periodically, rather than just once. The utility record of ratepayer AMP participation should include the completion date of each iteration.

ELECTRIC COOPERATIVE UNCLAIMED CAPITAL CREDIT REFUNDS

15. Allow the electric cooperatives to keep unclaimed capital credit refunds in their communities to use for local low-income ratepayer assistance, rather than sending them to the Maine treasury.

The electric cooperatives give capital credit refunds periodically over the years to their customers based on electric cooperative accounting and procedures. However, some refunds cannot be made because the recipient is no longer a customer and cannot be located. Currently, those unclaimed refunds are sent to the Maine treasury for state use. For one electric cooperative, the unclaimed refunds total about $6,000 per year. It would be better to allow the electric cooperatives to keep the unclaimed refunds for use in their communities for local electric assistance programs.

ENERGY EFFICIENCY PROGRAMS

Energy efficiency programs are important for all ratepayers, but particularly for low-income ratepayers who may live in energy inefficient homes and have energy inefficient electric lighting and appliances. Improving energy efficiency in residences reduces the amount of electric consumption and the associated electric bill, making electricity more affordable for the ratepayer.

The recommendation for energy efficiency programs follows.

16. Ensure all electric assistance participants have a clear understanding of the energy efficiency programs available to them.

A large component of the need for electric bill assistance is the amount of electricity consumed. The more electricity consumed, the higher the bill and the greater the need for assistance.

Many low-income ratepayers could benefit from better weatherization, more energy efficient lighting and appliances, and more energy efficient behaviors. Some ratepayers would voluntarily take advantage of advice on how to become more energy efficient and how to participate in available programs if it was available and lower their electric bills.

In addition, some low-income ratepayers have high electricity consumption due to energy inefficient housing and/or extensive use of inefficient lighting and electric appliances. These situations cause electric bills to be much higher than average.

A possible source of energy efficiency information could be an energy efficiency counseling program for low-income ratepayers similar to the Community Action Agency financial counseling program. The counseling could be provided by a state agency, a quasi-independent state entity, or their contractors. Energy counseling could educate

participants on energy use and energy efficiency and refer participants to Efficiency Maine Trust and MaineHousing energy efficiency programs. The entity that is ultimately responsible for providing counseling for LIAP participants should provide funding to the extent that it determines that counseling is cost effective. It is not the intent of this recommendation to take funding away from programs or measures that are providing valuable energy savings to low-income customers.

Energy efficiency counseling should be available, with participation voluntary, for all LIAP participants. The agency developing and providing energy counseling for LIAP participants should be reimbursed for the full costs of the program. In addition to offering their expertise in implementing an energy counseling program, Efficiency Maine Trust and MaineHousing may be able to contribute to the costs of establishing and operating the counseling program.

FUNDING

Funding for LIAP is set at a specific amount for each program year. For the 2022–2023 program year it is $15 million. This is far less than the $60 to $80 million estimated need for assistance as covered in Chapter IV.

The recommendation for funding LIAP follows.

17. Increase LIAP funding and add new funding sources to the current ratepayer funding of LIAP.

Currently, LIAP is funded completely by ratepayers. While the ratepayer funding could be increased to fund additional assistance, possible additional sources of funding for LIAP should also be considered and utilized, such as:

- Federal grants
- Switch the use of expiring net energy billing credits from AMP to additional funding for LIAP
- Allocation from the state general fund
- New taxes designated for LIAP funding
- Monetization of the benefits provided to low-income off-takers under the distributed generation provision of the Inflation Reduction Act
- Apply the sales tax collected on electricity, approximately $15 million in 2022, to fund LIAP
- Use the proceeds from the sale of RECs associated with solar projects to fund LIAP.

An additional idea to ease the electricity cost burden on ratepayers with higher than affordable electricity costs would be to offer an income tax credit based on the ratepayer's income and electricity costs.

APPENDIX A. STATE OF MAINE PUBLIC LAW 2021, CHAPTER 623 (LD 1913)

APPROVED	CHAPTER
APRIL 18, 2022	623
BY GOVERNOR	PUBLIC LAW

STATE OF MAINE

IN THE YEAR OF OUR LORD

TWO THOUSAND TWENTY-TWO

S.P. 674 - L.D. 1913

An Act To Create the Electric Ratepayer Advisory Council

Emergency preamble. Whereas, acts and resolves of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

Whereas, the affordability of electricity in the State is a major issue facing many ratepayers; and

Whereas, stakeholders need to begin immediately to evaluate measures to make electricity more affordable and advise the Public Advocate on these potential measures; and

Whereas, in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore,

Be it enacted by the People of the State of Maine as follows:

Sec. 1. 5 MRSA §12004-I, sub-§93 is enacted to read:

93.

Public Advocate	Electric Ratepayer Advisory Council	Not Authorized	35-A MRSA §1714

Sec. 2. 35-A MRSA §1714 is enacted to read:

§1714. Electric Ratepayer Advisory Council

1. Appointment; composition. The Electric Ratepayer Advisory Council, referred to in this section as "the council" and established by Title 5, section 12004-I, subsection 93, consists of 18 members as follows:

A. Thirteen voting members appointed by the Public Advocate including:

(1) One member representing the interests of senior citizens and the aging population of the State;

(2) One member representing an equal justice advocacy organization operating in the State;

(3) One member representing an association of community action agencies as defined in Title 22, section 5321, subsection 2;

(4) One member representing a statewide organization that advocates for affordable housing;

(5) One member from each investor-owned transmission and distribution utility in the State;

(6) One member representing a consumer-owned transmission and distribution utility in the State;

(7) One member representing a large industrial employer based in the State;

(8) One member representing a research organization dedicated to improving the economic outlook of the State and its residents;

(9) One member who is a member of a federally recognized Indian nation, tribe or band in the State based on the joint recommendation of the tribal governments of the Aroostook Band of Micmacs, the Houlton Band of Maliseet Indians, the Passamaquoddy Tribe at Motahkomikuk, the Passamaquoddy Tribe at Sipayik and the Penobscot Nation. If these tribal governments do not make a unanimous joint recommendation, the Public Advocate shall appoint a member of a federally recognized Indian nation, tribe or band in the State and rotate the appointment among members of each federally recognized Indian nation, tribe or band in the State;

(10) Two public members, one of whom is a customer of an investor-owned transmission and distribution utility serving the northern portion of the State and one of whom is a customer of an investor-owned transmission and distributed utility serving the southern portion of the State; and

(11) One public member who is a small business owner; and

B. Five ex officio, nonvoting members including:

(1) The Public Advocate or the Public Advocate’s designee;

(2) The Director of the Governor’s Energy Office or the director’s designee;

(3) The chair of the commission or the chair’s designee;

(4) The Director of the Efficiency Maine Trust or the director’s designee; and

(5) The director of the Maine State Housing Authority or the director's designee.

2. Duties. The council shall make recommendations to the Public Advocate regarding methods to ensure that ratepayers are able to afford electricity in the State. In developing recommendations, the council shall:

A. Review the electric rates and rate design in effect when the council is developing its recommendations, projected changes in those rates and the policy goals and other factors contributing to projected changes in those rates;

B. Review electric assistance programs in existence when the council is developing its recommendations, including those programs implemented pursuant to section 3214, and consider more streamlined and cost-effective options to provide assistance to all ratepayers that may be struggling to pay their electric utility bills, including an electric utility relief program that provides assistance to individuals receiving benefits under a state or federal low-income assistance program or whose family income is equal to or below 200% of the federal nonfarm income official poverty line;

C. Identify methods to:

(1) Fund electric assistance programs that do not result in shifting costs to ratepayers;

(2) Improve education and outreach efforts regarding electric assistance programs, the retail electricity supply market and energy efficiency programs; and

(3) Make energy efficiency programs more accessible to low-income, moderate income and small business ratepayers, including those ratepayers that rent housing accommodations or commercial spaces; and

D. Identify any other methods that may improve the affordability of electricity.

3. Terms. The term of a member appointed to the council is 3 years, except that a vacancy during an unexpired term must be filled in the same manner as for the original member for the unexpired portion of the member's term.

4. Meetings. The council shall meet at least once a year.

5. Chair. The Public Advocate shall appoint a chair.

6. Public participation. Meetings of the council are public proceedings and may allow for public comment.

7. Staff assistance. The Public Advocate and the commission shall provide necessary administrative staffing services to the council.

8. Reports. By December 1st of each year, the Public Advocate shall submit a report to the joint standing committee of the Legislature having jurisdiction over utilities and energy matters on the activities of the council and any recommendations the council made to the Public Advocate pursuant to subsection 2. The committee may report out a bill to the Legislature relating to the recommendation of the council.

Sec. 3. Electric Ratepayer Advisory Council; appointments; meetings. The Public Advocate shall make initial appointments to the Electric

Ratepayer Advisory Council pursuant to the Maine Revised Statutes, Title 35-A, section 1714, subsection 1 no later than 60 days after the effective date of this Act. Notwithstanding Title 35-A, section 1714, subsection 4, during the 2022 calendar year the Electric Ratepayer Advisory Council shall hold its first meeting no later than July 1, 2022 and shall hold at least 5 meetings in total during that calendar year.

Sec. 4. Appropriations and allocations. The following appropriations and allocations are made.

EXECUTIVE DEPARTMENT

Public Advocate 0410

Initiative: Provides a one-time allocation for the cost of contracted services to develop a report on the activities and recommendations of the Electric Ratepayer Advisory Council.

OTHER SPECIAL REVENUE FUNDS	**2021-22**	**2022-23**
All Other	$0	$100,000
OTHER SPECIAL REVENUE FUNDS TOTAL	$0	$100,000

Emergency clause. In view of the emergency cited in the preamble, this legislation takes effect when approved.