

AN INTRO TO ENERGY ASSISTANCE:

Current Provision, Funding, & Policy Impacts Affecting Michigan Households

**Michigan House of Representatives
Energy & Technology Committee Hearing
March 21, 2013**

THE NEED

ECONOMIC INDICATORS: POVERTY & UNEMPLOYMENT*



Over the past 10 years...

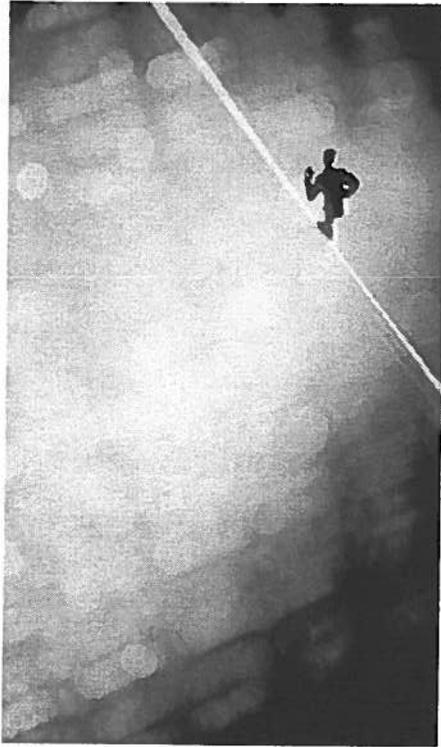
- Michigan has experienced **the largest drop in median income in the nation.**
- **Poverty in Michigan** has grown by 66%, **the fastest growth in the nation:**
 - Over 1.5 million Michigan residents (15.7% population per ACS/census) lived in poverty in 2011. One in every four were children.
 - 18% Michigan population currently receive food assistance, including more than 735,000 children.

More than **400,000** people **are still unemployed.**

**Sources: ACS/Census, December 2012 Poverty Report and Kids Count, Michigan League for Public Policy*

ENERGY INSECURITY:

KEY INDICATORS: INCREASING REQUESTS & LIMITED FUNDING

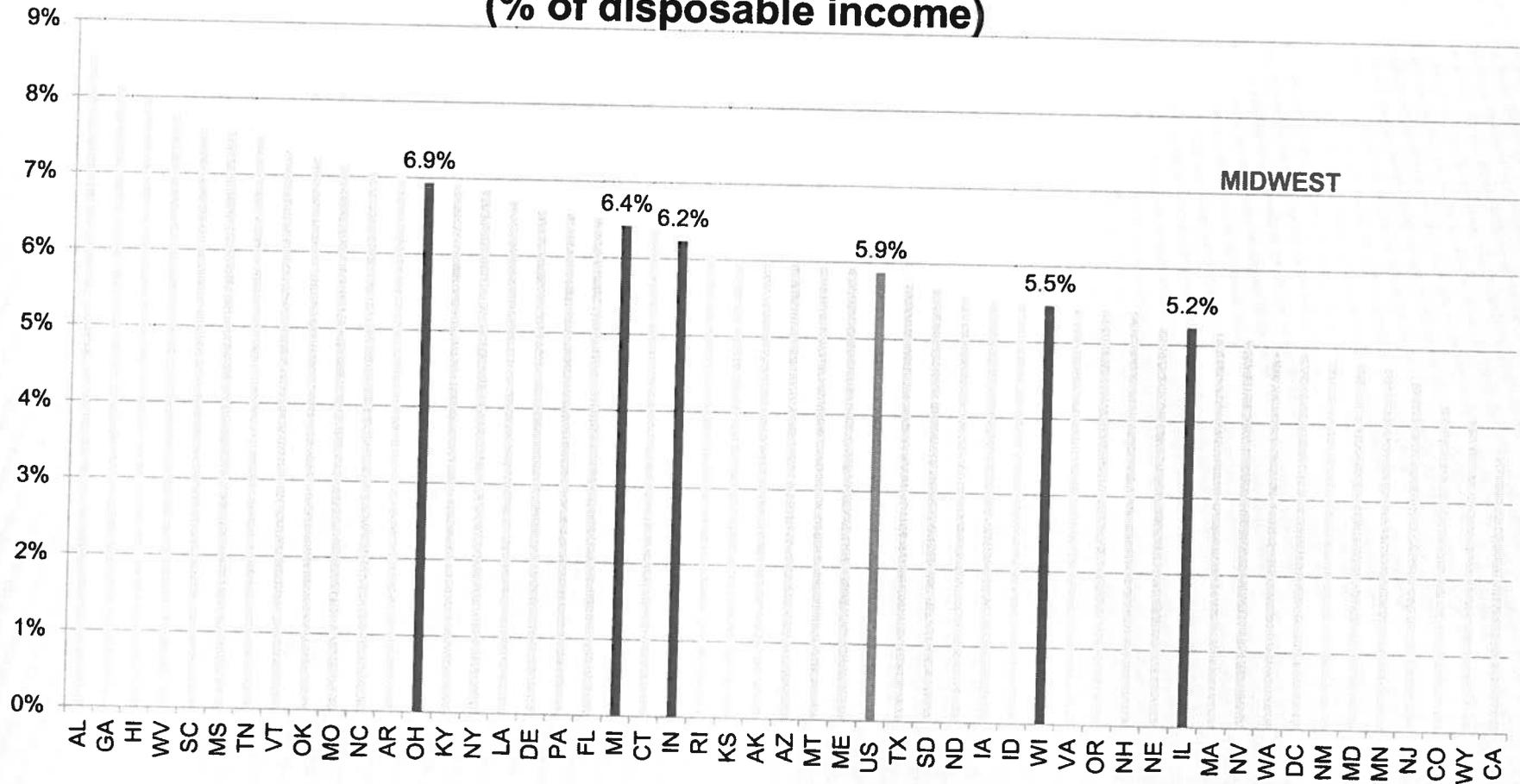


- **“Housing & Utilities” is the highest call volume category among emergency calls to United Way’s 2-1-1 (150,000/yr. and growing):**
 - More than 600,000 Michigan households *annually* receive energy assistance from *federal* LIHEAP-funded programs (only 50% of eligible).
 - Since 2002, \$570 M in supplemental *state-funded* grants have enabled a network of non-profit agencies to address energy crisis for avg. **100,000 households per year** (more than 1 million in total).
- **Traditional utility responses (budget/protection programs) aren’t effectively improving payment patterns.**
 - On average, 30,000 income-qualified budget plan defaults per month.
 - More than 400,000 disconnect orders for non-pay issued each month.
- **Shut-off protection is not universal.**
- **Other human impacts:**
 - “Heat or Eat” scenarios compromise **health & safety**, esp. seniors & homebound.
 - Disconnection is a common precursor to **family separation &/or homelessness**.

*Sources: United Way 2-1-1 annual reporting, MPSC Quarterly Reporting (all companies aggregated), Feeding America’s Hunger in America 2010

RESIDENTIAL AFFORDABILITY

**2011 Combined utility bill
(% of disposable income)**



*Sources: EIA; U.S. Census; MPSC; BEA; Moody's infrastructure report 2009, Bain Analysis

Michigan Energy Gap Rankings (scale of 1-51)

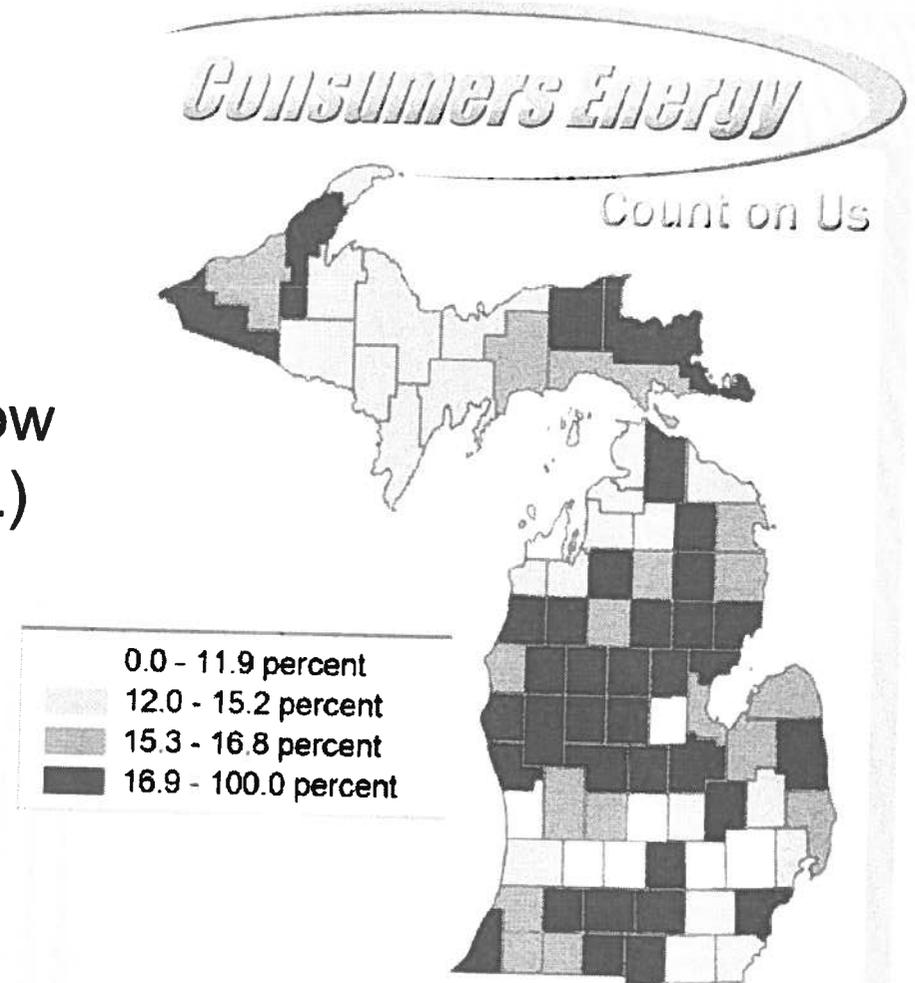
A higher ranking (1 is the highest) indicates better conditions while a lower ranking (51 is the lowest) indicates worse conditions relative to other states.

**Fischer, Sheehan, and Colton – 2011 Gap study, released June 2012*

<p>AVERAGE DOLLAR AMOUNT BY WHICH ACTUAL HOME ENERGY BILLS EXCEEDED AFFORDABLE HOME ENERGY BILLS FOR HOUSEHOLDS BELOW 185% OF POVERTY LEVEL.</p> <p>\$1,761 per household</p> <p>RANK: #29</p>	<p>AVERAGE TOTAL HOME ENERGY BURDEN FOR HOUSEHOLDS BELOW 50% OF POVERTY LEVEL.</p> <p>65.4% of household income</p> <p>RANK: #29</p>
<p>PERCENT OF INDIVIDUALS BELOW 100% OF POVERTY LEVEL.</p> <p>10.5% of all individuals</p> <p>RANK: #19</p>	<p>PORTION OF HEATING/COOLING AFFORDABILITY GAP COVERED BY FEDERAL HOME ENERGY ASSISTANCE.</p> <p>44.9% of gap is covered</p> <p>RANK: #14</p>

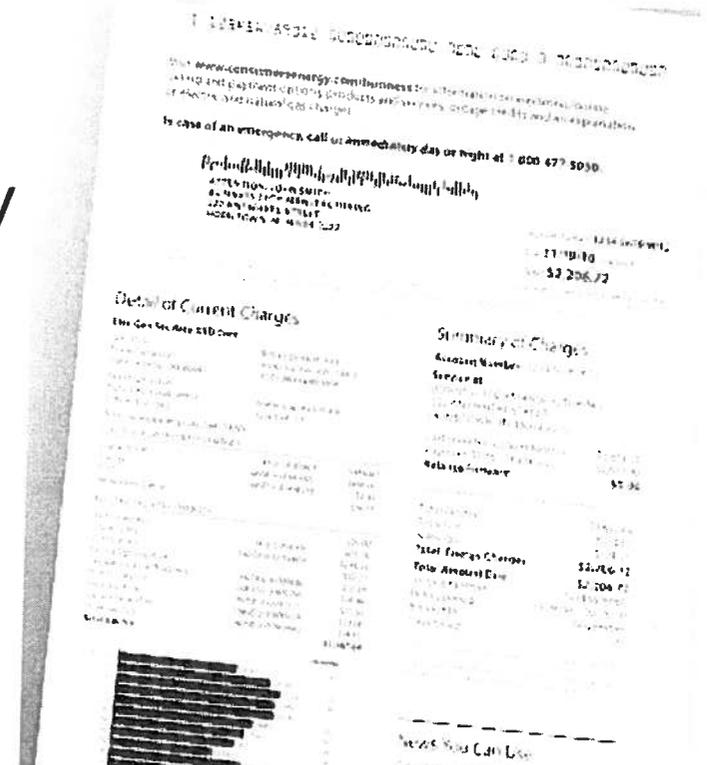
THE CONSUMERS ENERGY CUSTOMER

- We serve 8 of Michigan's 10 highest poverty counties
- Annually, we send out 2.5 M disconnect notices which result in 140,000 disconnects
- **390,000 (15% res base)** are "low income" (at or below 150% FPL)
- 120,000 on income-qualified protection plans
- 200,000 receive some form of energy assistance annually:
 - 25,000 (14%) seniors/special care



PAYMENT PROGRAMS AND SUPPORT

- **State Emergency Relief (DHS)**
- **Home Heating Credits (Treasury)**
- **State-funded LIEAF Grants to Agency Agencies**
- **Utility Company programs:**
 - Senior and Low Income credits
 - Shut-Off Protection/Winter Protection Plans
 - Medical Emergency Protection, Active Military Duty, Third-party Notification
 - Income-Qualified EO – Weatherization assistance
 - Special customer programs, pilots, involving agency collaborations



Assistance dollars and shut off protection plans are bandages.

AGENCY COLLABORATIONS & GRANTS

- **PeopleCare** since 1983 & Arrearage Case Management since 2011 (Salvation Army)
- **Gatekeeper** (Office of Services to the Aging) since 1987
- **Homeless Shelter Discount Program** (shelters statewide) since 1992
- **Arrearage Payment Program** (DHS) since 2008
- **Innovative pilots** (THAW | DHS), research through 2012 leading to 2 Flint-based pilots launching in 2013
 - Behavioral-based customer insights
 - Reduce arrearage & consumption
 - Energy account management
 - Path to self-sufficiency



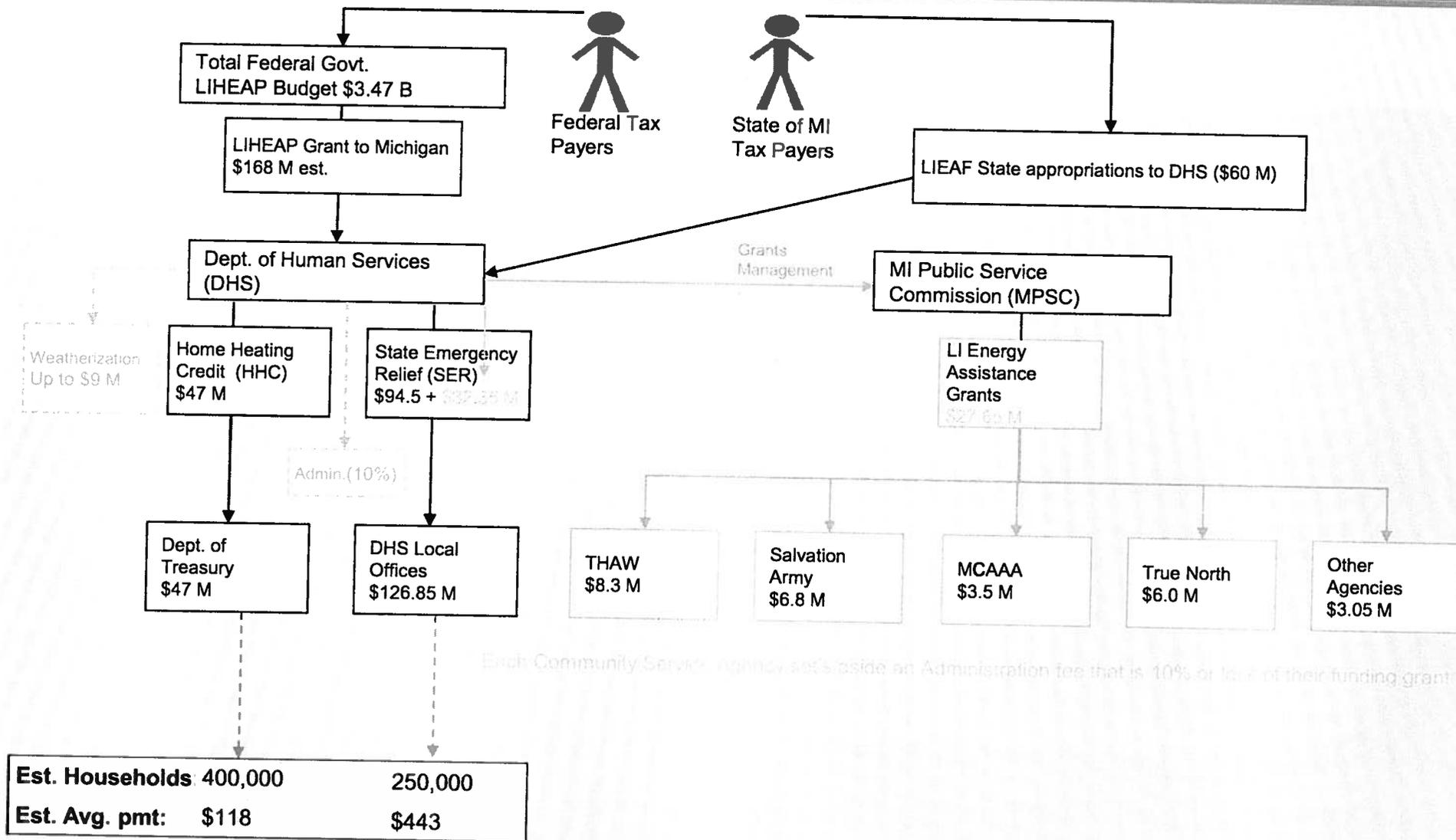
**Get Help Paying
Your Energy Bill**



RESOURCE GUIDE
**PAYMENT ASSISTANCE
AND
ENERGY ANSWERS**

www.ConsumersEnergy.com/EnergyAnswers

ENERGY ASSISTANCE FUNDING 2012-2013



ENERGY ASSISTANCE IN THE PAST DECADE

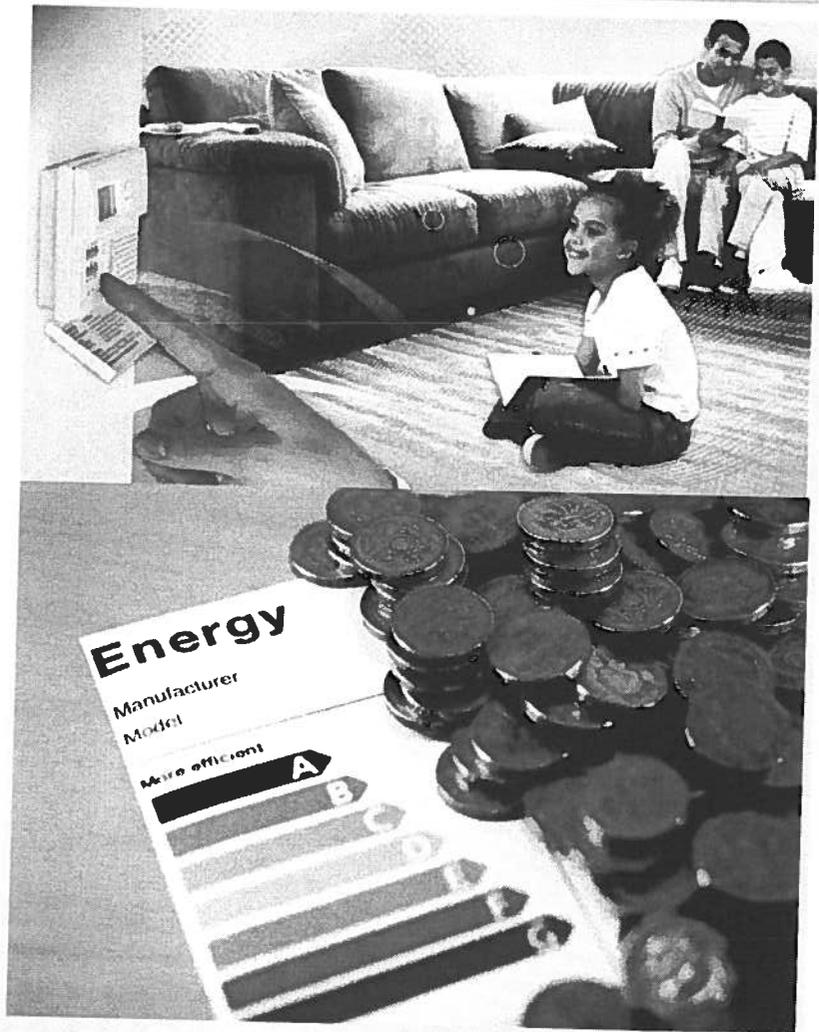
- **Nearly \$2 B from federal LIHEAP funds to Michigan:**
 - 600,000/yr. receive average \$300 benefit
- **Nearly \$600 M in state supplemental funds**
 - 100,000/yr. receive average \$450 benefit

FY	Federal Funding: LIHEAP	Total Assisted Households	Avg. Benefit/HH	State Funding: LIEEF (2002-2010), VHWF (2011-2012), LIEAF (2012-present)	Total Assisted Households	Avg. Benefit/HH
2002	\$99,374,104	Not available		\$27,402,771	59,874	\$458
2003	\$104,882,279			\$40,000,000	62,796	\$637
2004	\$105,001,116	600,006	\$175	\$16,000,000	35,739	\$448
2005	\$112,546,256	471,289	\$239	\$35,000,000	172,974	\$202
2006	\$153,614,707	500,463	\$307	\$66,000,000	121,052	\$545
2007	\$112,508,848	485,313	\$232	\$67,000,000	139,385	\$481
2008	\$139,378,917	526,300	\$265	\$57,000,000	116,254	\$490
2009	\$248,106,417	634,000	\$391	\$55,000,000	105,955	\$519
2010	\$269,701,207	615,000	\$439	\$56,000,000	95,082	\$589
2011	\$237,181,309	724,209	\$328	\$58,000,000	114,230	\$508
2012	\$173,449,659	650,000	\$267	\$62,000,000		
2013 est.	\$168,000,000	650,000	\$258	\$60,000,000	Not yet reported	
Since 2002:	\$1,923,744,819	<i>Avg/yr</i> 585,658	\$290	\$599,402,771	<i>Avg/yr</i> 102,334	\$488

*Sources: LIHEAP Clearinghouse, MPSC Energy Grants Section annual reporting

ENERGY EFFICIENCY PROGRAMS AND SUPPORT

- **Weatherization Assistance Program** offered through Community Action Agencies install refrigerators, CFLs, insulation, furnaces, etc.
- **Energy Optimization Programs** funded by utility customers provide rebates and installations of energy saving measures.
- **Energy Education** classes & materials offered by non-profit agencies and utilities that provide tips on reducing energy usage.



Affordability + Energy Education & Energy Efficiency = long-term solutions.

PATH TO SELF SUFFICIENCY

- Improve the connectivity to resources (**2-1-1**)
- Shrink the time between use and pay (**Utilities**):
 - Customizable billing options / e.g., pre-pay
 - Tools/technology to better manage consumption / Smart meters
- Deliver healthy interventions that prevent repeat occurrences (**Agencies – bill assistance & weatherization**):
 - Energy Case Management – habits/goal-setting, better budgeting + Weatherization, energy education, & DIY to lower usage.
 - Community & Peer Support Networks
 - Tracking Outcomes – to define success metrics
- Develop strategic operational partnerships with **SOM's** social service agencies to maximize solutions:
 - DHS – Emergency services, MSHDA - Housing, OSA - Seniors, DMVA - Veterans, CMH – Mental Health, others

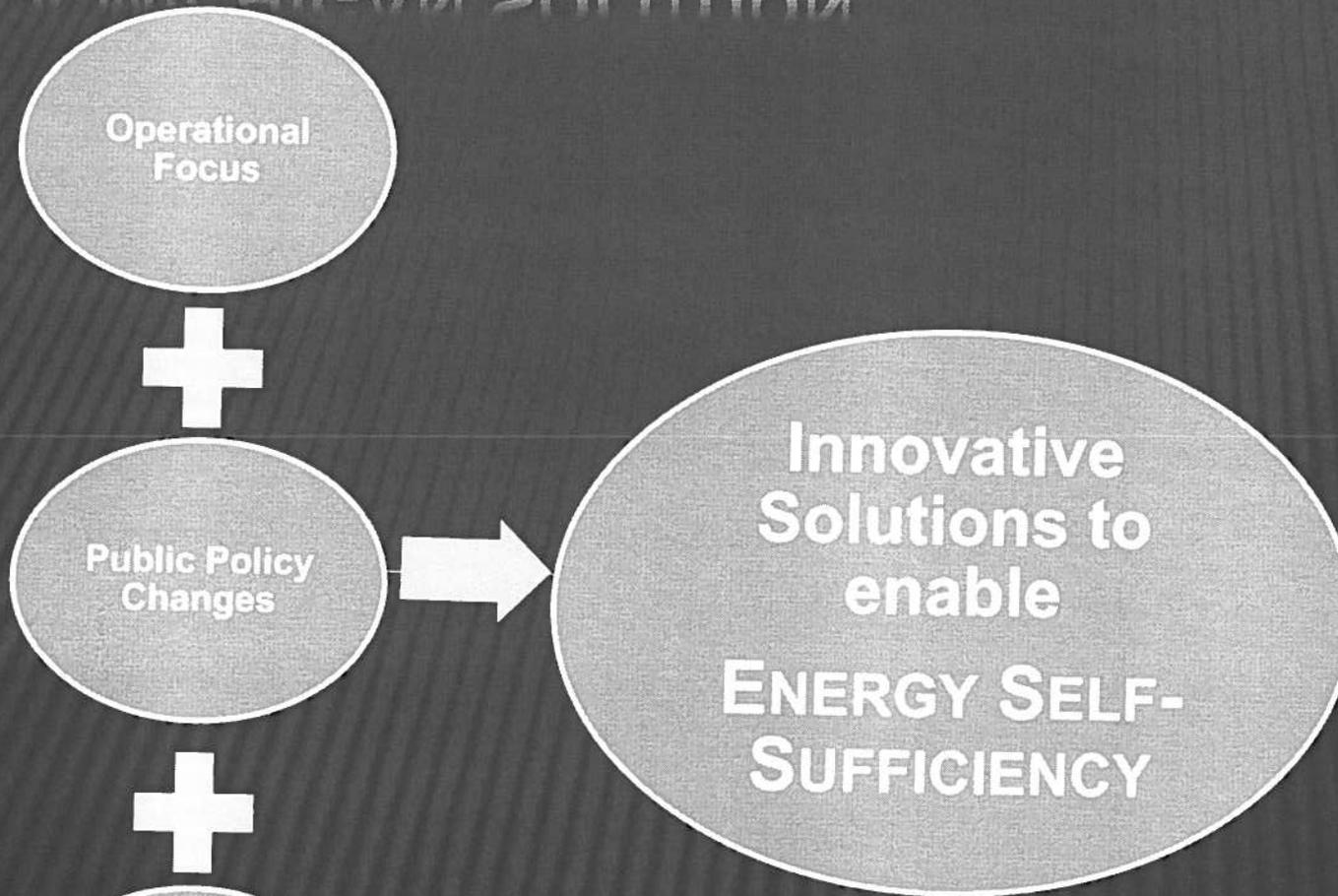
COMMUNITY OUTREACH & PARTNERSHIPS

Be Collaborative & Strategic –

1. Reach those in need
2. Heighten public awareness
3. Raise dollars to fill critical gaps

- **Customer Assistance events** – Utility CADs, DHS resource fairs, *Project Connect* events, County Fairs
- **Senior & Veterans specific initiatives** – Gatekeeper (OSA), Older Michiganians Day, *Joining Forces Michigan* with 2-1-1
- **Legislator-initiated** public forums, CtKMW coauthored op-eds/TV
- **Statewide Walks for Warmth** (Community Action Agencies)
- **The Heat & Warmth Fund (THAW)** – Week of Warmth, Radiothon
- **Coalition to Keep MI Warm coordinated events** – e.g. Traverse City Chamber of Commerce Sleep Out, Legislative Action Week

A MICHIGAN SOLUTION



- 3 Key Considerations | Michigan's future energy policy:**
- Affordability & policy impacts (disproportionate) to low-income
 - Need for stable funding streams to help those at highest risk
 - Opportunity to try new pathways to self sufficiency

QUESTIONS:

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Additional Resources:

Consumers Energy Customer Assistance:

www.consumersenergy.com/energyanswers

Coalition to Keep Michigan Warm:

www.coalitiontokeepmichiganwarm.com

**COALITION
to keep
MICHIGAN WARM**