

**Energy Assistance Plan for
Low Income Households
in Peterborough City and County:**

Background Report

September 2002

Prepared by
Peterborough Social Planning Council

For the
**Policy & Issues Sub-Committee,
Affordable Housing Action Committee (AHAC)**

Energy Assistance for Low Income Households

The vision of the Peterborough Social Planning Council is to be an organization that facilitates active, broad-based citizen participation in shaping healthy communities in Peterborough City and County; acts as a catalyst for sustainable social change, and promotes understanding that social justice is in everyone's interest.

And our mission is:

Through research, community development and public education, the PSPC works to build a strong community.

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Executive Summary

Each year, thousands of Peterborough City and County households face the threat of disconnection and, in some cases, physical endangerment or homelessness because their income levels make it impossible to afford rising energy costs. The problem of unaffordable energy affects all low income households, whether their income source is employment, Ontario Works, Ontario Disability Support (ODSP), or pension income. Where households do not have enough income to pay for rent, utilities and food, let alone clothing or transportation, they may be forced to miss utility payments, rather than losing their housing or going hungry.

Residential energy, including natural gas, electricity and fuel oil, is a necessity of life, required for home heating and for the safe storage and preparation of food. For some households, electricity is also required to operate medical equipment. Agencies providing emergency assistance to low income households to prevent homelessness have identified energy costs as a significant factor contributing to housing insecurity and literal homelessness. Recently, public debate around the proposed deregulation of electricity in Ontario has raised concerns about the potential increase in costs for individual households and for community agencies attempting to address the resulting energy crises.

In response to these concerns, the Policy & Issues Sub-Committee of the Affordable Housing Action Committee (AHAC) initiated a project to develop recommendations to address the need for improved and sustainable energy assistance for low income households in Peterborough City and County. The Peterborough Social Planning Council completed a background report which gives an overview of trends and issues in energy markets in general, with a discussion of their potential effects on lower income residents, existing data demonstrating local need for energy assistance; local programs providing energy assistance to low income residents, and payment and collection policies of local energy providers; and energy assistance programs offered in Canada and the United States which may be used as models for the City and County

Currently, low income households may seek limited energy assistance through the Emergency Fund of the Housing Resource Centre, Share the Warmth, or through the Salvation Army's Emergency Assistance. Households receiving Ontario Works or ODSP may also seek assistance through the Peterborough City and County Department of Social Services.

Last year, these programs paid out almost \$80,000 in energy assistance to low income households who were facing disconnection or already disconnected. These dollars came from the municipal tax base and local charitable donations. However, none of these programs have the capacity to address the present level of need, let alone the levels of need that may develop following electricity deregulation. The Housing Resource Centre Emergency Fund, Share the Warmth, and the Salvation Army Emergency Assistance all closed early this year because the level of demand was greater than the level of funding available.

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Although our current system of energy assistance is inadequate, Peterborough City and County may draw upon a range of models for low income energy assistance that have been developed in the United States and other Canadian communities. Low income energy assistance policies and programs may be divided into the following four categories:

1. **Consumer Protections:** measures implemented by government and industry to ensure energy affordability. These may include
 - establishing publicly-owned utilities;
 - mandating and funding crisis prevention programs;
 - passing Vital Services by-laws;
 - establishing policies and procedures around deposits and collections that do not cause undue hardship
 - instituting moratoriums preventing disconnection during winter months

2. **Crisis Prevention:** measures which aim to reduce the risk of cost-of-energy crises for low income households, and implemented by governments, energy providers or community agencies. These may include:
 - low income rate discounts, based on a fixed percent of the bill, a fixed dollar amount, or usage
 - percentage of income payment plans (PIPPs), where low income consumers pay a fixed percentage of their income for their utility bills
 - arrears management plans, which combine payment plans with some form of arrears forgiveness
 - low income energy efficiency and weatherization plans, which provide conservation education, and energy efficiency products and repairs

3. **Transition Assistance:** rebates provided by communities and governments to assist households to meet sharply rising energy costs, usually due to market changes or extreme weather conditions.

4. **Emergency Assistance:** Financial, advocacy and collections responses for households facing disconnection or already disconnected.

In the United States, where the federal government has provided substantial funding for low income energy assistance programs for over 20 years, cost-benefit analysis studies have found extensive energy, environmental, and social benefits resulting from these programs, to the point where these programs virtually pay for themselves. Peterborough City and County, along with other Ontario communities, faces the probability of increasing numbers of low income energy crises; our communities cannot afford to ignore these proven strategies for providing energy assistance to low income households.

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I. Introduction

Over the last century, many factors have supported our community's growth and prosperity. One the most influential factors has been the availability of affordable commercial energy for household and industrial use. Its presence and influence has radically changed our way of life, allowing cities and populations to grow in a previously unequaled way. Today, our way of life is sustained by commercial energy to the level where it has become a fundamental part of everyday life.

Each year, thousands of Peterborough City and County households face the threat of unaffordable energy bills as prices continue to increase. For example, a family of four with 2 children receives \$1178 per month from Ontario Works. This amount includes a shelter allowance of \$602, which is intended to cover rent and utility costs.¹ According to the Canada Mortgage and Housing Corporation, the average rent for a three-bedroom apartment in Peterborough is \$833, usually with utilities extra.² Tenant households interviewed as part of Peterborough Social Planning Council's *Crisis of Affordability* survey paid on average an additional \$133 per month for utilities, bringing the household's shelter costs to \$966.³ After paying rent and utilities, the family is left with \$212 from their OW cheque, plus a \$204 Canada Child Tax Benefit⁴ payment, to cover all other necessities. The situation is even worse for families with electric heat, where monthly utility bills may run closer to \$200 or \$400 per month.

The problem of unaffordable energy also affects households whose adult members work in lower-paying jobs that fail to meet the cost of a household's basic needs. Regardless of income source, the inability to afford the cost of energy leads to tough choices for households where income is inadequate to afford the basic necessities. Where households do not have enough income to pay for rent, food and utilities, let alone clothing, transportation or recreation, they may be forced to miss utility payments rather than losing their housing or making their children go hungry.

If the energy costs of a household exceed their available finances, payments to energy providers may be missed and arrears may build. This subjects a household to collection procedures which can ultimately lead to disconnection and, in some cases, homelessness. In the case of furnace oil, wood, propane, or stove oil, distributors will not extend credit, again leaving the household's residents to find alternate shelter.

¹ Shelter allowance calculated based on number of persons in household. Basic allowance calculated based on 2 children aged 12 and under.

² Canada Mortgage and Housing Corporation (November 2001) "Fast Fax Rental Market Report, Peterborough."

³ Peterborough Social Planning Council (2000). *Crisis of Affordability: A Study of Homelessness and Housing Insecurity in Peterborough City and County*. p. 43.

⁴ Canada Child Tax Benefit (CCTB) amount estimated using the Canada Customs and Revenue Agency Child and Family Benefits Online Calculator at <http://www.cra-adrc.gc.ca/benefits/calculator/menu-e.htm>!. Figure quoted is the basic monthly amount only, and does not include the National Child Benefit Supplement of \$192.50, which is clawed back from families receiving Ontario Works.

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The winter of 2001-2002 was the mildest on record, requiring lower amounts of commercial energy to keep homes heated throughout. Local agency statistics however demonstrate that our charitable resources were not enough to help everyone that required assistance in meeting energy costs.

The substantiated occurrence of physical endangerment or homelessness due to the disconnection of a heat energy source within our City and County is a government and community responsibility that merits priority action. Low income Peterborough residents require assistance with natural gas, electricity, and furnace oil,⁵ which are used to heat homes and water, and to run basic appliances used for safe food storage and preparation. Without access to electricity and heat energy, everyday life becomes disrupted and stressful to the breaking point.

The ongoing public debate about the deregulation of electricity markets and the privatization of public utilities across Ontario has raised concerns about ensuring energy affordability. Based on the experiences in other jurisdictions following deregulation, municipalities, community groups and individual consumers are expressing concerns about the possible impact on individual households and the potential costs to our communities.

Although energy crises are nothing new for low income households, increased awareness of homelessness and changes in energy markets have motivated Ontario communities to seek proven, adequate responses to assist low income households. In the U.S., federal and state governments have directly instituted and encouraged the development of energy assistance programs for its lowest income households throughout the past 20 years. A range of programs have developed throughout the U.S., funded by federal and state governments, investor-owned utilities and charities, and offered through state departments, community agencies, and utility companies. Cost-benefit analyses show that these programs offer substantial benefits to individual households and to the community at large. The American experience offers useful lessons for the development of low income energy assistance in Ontario communities as well.

Our community's role and involvement in limiting the occurrence of household cost-of-energy-crises must be defined. Likewise, our community readiness to support households which would otherwise become homeless must be improved. This report highlights some of the actions that are necessary, and the institutions that must be engaged in finding methods to ensure ongoing energy affordability for energy consumers in general, and low-income consumers in particular.

⁵ In 2000, natural gas (48.3%), electricity (33.4%) and oil or other liquid fuel (12.4%) were the principal heating fuels used by Canadian households. The most commonly used types of heating equipment were forced hot air furnaces (50.9%), electric heating (29.8%), and steam or hot water furnaces (13.0%). Statistics Canada (2001). "Selected Dwelling Characteristics and Household Equipment." www.statcan.ca/english/Pgdb/People/Families/famil09a.htm

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The focus of this report is the status and needs of low-income energy consumers in Peterborough City and County. It is written to provide policy makers and the general community with a clear understanding of the present energy affordability problem faced by many low-income households in the area. It was prepared using information collected through interviews with energy providers serving Peterborough City and County, local providers of emergency assistance to low income residents, and local experts on energy issues. It also draws on extensive research into models of low income energy assistance in Canada and the United States

The following chapters provide the background information necessary for the development of recommendations for local action to protect energy consumers from undue financial hardship resulting from energy price increases.

- Chapter 2 provides a brief discussion of trends and issues in energy markets in general, with a discussion of their potential effects on lower income residents;
- Chapter 3 introduces the concept of the energy burden as a method to identify households at risk of energy crisis, and draws on existing data to build a picture of the need for energy assistance in Peterborough City and County;
- Chapter 4 gives an overview of local programs providing energy assistance to low income residents and the payment and collection policies of local utility providers;
- Chapter 5 reviews a range of energy assistance programs offered in Canada and the United States which may be used to develop models for the City and County, and provides cost-benefit analyses of energy assistance programs.

The Recommendations developed by the Policy & Issues Sub-Committee based on this research are available in a separate document.

II. Electricity Market Deregulation

While energy costs have long been an issue for low income households, the deregulation of the major sources of heating energy in Ontario increases the risk that low income households will face disconnection, physical endangerment, and homelessness. Low income households have the least ability to absorb increases in the cost of basic needs, and thus are hardest hit when energy prices rise, as was the case following the introduction of retail competition in the natural gas market in Canada. The process of electricity deregulation, including the corporatization and privatization of public utilities, has considerable implications for low income households.

Deregulation came into effect in Ontario on May 1st, 2002. Electricity is now treated as a commodity, to be sold in a competitive marketplace. As mandated by the 1998 Energy Competition Act, electric utilities have been restructured to separate the distribution and commodity sale of electricity, moving from an at-cost, publicly-owned model to a privatized, profit-making system.

Prior to restructuring, electricity generation, distribution (“wires only”), and supply to consumers were all conducted by provincial and local publicly-owned utilities. The Energy Competition Act decreed that these functions must be “unbundled,” in hopes of encouraging investment in power generation, and creating a competitive electricity marketplace.

Under the Act, the former provincial electricity generating and distribution agent, Ontario Hydro, was broken up into various successor companies in order to separate profitable generation operations from the operating debt incurred over many years, which peaked at an estimated \$38 Billion. Ontario Power Generation (OPG) now operates the nuclear, fossil and hydroelectric generating assets formerly operated by Ontario Hydro.⁶ Under the terms of the Market Power Mitigation Agreement, Ontario Power Generation must reduce its generating capacity, to allow other power generators to compete in Ontario’s new energy market.⁷ This regulation change has facilitated the leasing or discount sale of previously publicly-held energy interests, such as the Bruce Nuclear Plant, to multinational companies such as British Energy.

The Act also mandated the creation of Local Distribution Companies (LDCs) to handle the distribution of electricity. Local Distribution Companies (LDCs) must incorporate under the Ontario Business Corporations Act and be licensed by the Ontario Energy Board (OEB). The OEB approves and regulates the Local Distribution Companies’ rates.

Local Distribution Companies provide the Standard Supply Service, which is regulated by the Ontario Energy Board, and based on the “on the spot” market price of electricity as calculated by the Independent Electricity Market Operator (IMO). The commodity

⁶ www.hydroone.com/home.html; www.opg.com/about/overview.asp

⁷ http://www.est.gov.on.ca/english/am/business_plan_2001_commitments.html

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price fluctuates in response to supply and demand, and thus the Standard Supply Service cost of electricity may increase or decrease between bills.

Consumers may choose to stay with Standard Supply Service (the default electricity supply), or may sign a contract with an electricity retailer, which locks in the price of electricity over a set period (usually one, three or five years). Energy retailers purchase electricity on the open market and retail it to consumers at a profit. The OEB licenses electricity retailers, but does not regulate the rates they charge. Consumers who sign contracts with retailers will save money if the commodity price increases above the contracted price; however, consumers stand to lose money if the commodity price decreases over the period of the contract.

Prior to restructuring, Ontario Hydro and the Peterborough Utilities Commission supplied electricity to the County and City. Hydro One Networks, one of Ontario Hydro's successor companies, now provides the Standard Supply Service to most County residents. City residents and some areas of the County are served by the Peterborough Utilities Group of Companies, the successor companies formed following the restructuring of the former Peterborough Utilities Commission (PUC). (The PUC is now responsible for water only.) The cluster of companies known collectively as the Peterborough Utilities Group of Companies includes three local distribution companies: Peterborough Distribution Inc., Lakefield Distribution Inc., and Asphodel-Norwood Distribution Inc. The sale of electricity to consumers is managed by the Peterborough Utilities Services Inc. The group of companies also includes Peterborough Utilities Inc., which operates a local generation station.

Although the focus of public concern before the market opened was on the potential effects of deregulation itself, electricity costs actually increased significantly before market opening. Local businesses were feeling the effect before the market was opened up: the Peterborough Memorial Centre reported in February 2002 that its electricity costs had risen by 50 percent, or \$63,000 compared to the previous year.⁸ These cost increases were a direct result of the restructuring and corporatization of the former Ontario Hydro and the Peterborough Utilities Commission, and the move from a not-for-profit to a for-profit model.

When Ontario Hydro was split into the current Hydro One Networks and Ontario Power Generation, its debt was passed on to the energy customers and taxpayers of Ontario. Part of the Ontario Hydro debt, about \$7.8 Billion, was downloaded to municipalities throughout the province, and must be recovered by means of increasing the rates and levies charged to existing electricity accounts. Consumers' electricity bills now include an Ontario Power Generation surcharge which goes to Ontario Hydro debt retirement. The total Ontario Hydro debt will not be paid until sometime between 2010 and 2017, which means consumers will face compounding and growing surcharges for at least the next decade, and likely for much longer than estimated at present.

⁸ Dan Nyznik (February 23, 2002) "Hydro Rate Hike May Be Just the Tip of Iceberg." *Peterborough Examiner*. A2.

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In Peterborough City, electricity rates increased as a direct result of the corporatization of the former Peterborough Utilities Commission. The new Peterborough Utilities Group of Companies operates on a for-profit basis, and must pay a dividend equal to \$2.4 million or half its net income after taxes to the City of Peterborough, its sole shareholder. It also must pay corporate taxes, which offset some of the expected revenues of the utility, creating a need for increases to the electricity rate for Peterborough customers and further aggravating the problem of energy affordability in our area. According to Paul Kahnert, spokesman for the Ontario Electricity Coalition, "Around the world, rates at publicly owned electrical systems are 18 percent cheaper than with privately owned systems."⁹ In response to concerns about the results of electricity deregulation, a number of local experts have argued that the rights of taxpayers and utility consumers would be best protected if Peterborough's local utility were managed as a not-for-profit. They contend that a not-for-profit model would be more socially responsible and financially conservative, and thus benefit all the utility's customers.

The move to a for-profit model coupled with the opening of the electricity market on May 1, 2002 has led to a changed emphasis in business practices, with an increase in security deposits and collections actions, at a time when electricity costs are rising sharply. According to Statistics Canada's Consumer Price Index, the price of electricity in Ontario rose 9.2 percent in July 2002, and 18.3 percent in August 2002. The overall price increase between August 2001 and August 2002 was 32.7 percent¹⁰, and the price continues to rise.

The only alternative offered to consumers is to sign a contract with a retail energy provider. However, a number of sources, including the Ontario Energy Board and Peterborough Utilities Services Inc.,¹¹ warn energy consumers about "questionable practices" employed by some energy retailers. These sources suggest that some retailers are misrepresenting their rates, using account numbers to sign up people without express consent, and asking children or teenagers to sign contracts. Unfortunately, education for consumers about retail providers was not widely available until long after marketers had begun to go door to door, and there is still confusion about what the contracts entail. Consumers often do not realize that these contracts may last several years, and that it may be difficult to change retailers. Also, consumers may not realize that their contracts include a clause that allows retailers to keep any future Ontario Power Generation rebates to which the consumer is entitled. If consumers' experiences with natural gas brokers following market opening is any indicator, electricity consumers must be ultra-vigilant: according to the Public Interest Advocacy Centre, "Natural gas brokers were the number two source of consumer

⁹ (February 22, 2002) "Local Coalition Fighting Deregulation." *Peterborough Examiner*. B1

¹⁰ Statistics Canada (September 20, 2002). "The Daily: Consumer Price Index, August 2002."
<http://www.statcan.ca/Daily/English/020920/td020920.htm>

¹¹ Ontario Energy Board (2002). "What You Need to Know: Preparing for the New Electricity Market."
<http://www.oeb.gov.on.ca/english/home.htm>; PUS (March 2002). "Connections: News and Information from Your Public Utility."

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complaints to Ontario government's Consumer Affairs office [in 1998], with 3,060 complaints lodged, second only to collections agencies."¹²

The provincial government implemented deregulation in the belief that energy competition leads to lower energy prices and helps to strengthen the overall economy.¹³ In doing so, it follows the lead of a number of American states and the province of Alberta, which completed the deregulation of its electricity market over two years ago and is seen as the Canadian forerunner of what is expected to be the Ontario experience. However, none of the existing deregulation examples have delivered on the many government claims that the conversion from publicly-held electricity markets into a free market model benefits the consumer. In fact, many of these jurisdictions have experienced chaotic periods of market volatility and tremendous economic hardship as a result of deregulation. In some parts of California, electricity prices increased by up to 500 percent and the state was affected by rolling blackouts. In Alberta, prices rose by 300 percent forcing the province to give rebates from revenues of oil and natural gas sales.

The total costs of deregulation can be high. The California State Association of Counties has declared that the state is facing "an energy crisis which threatens to adversely affect the economic and environmental well-being of the state."¹⁴ In response to this crisis, the legislature has allocated additional monies to provide energy assistance and promote energy conservation among low-income consumers. The overall cost for these programs totalled \$285 million, over and above existing federal, state and utility-funded low income assistance programs.

In the United States, as of August 2002, 17 states and the District of Columbia have opened or are preparing to open their electricity markets to retail access. A number of states have delayed, stopped, or avoided utility restructuring in response to the negative experiences of states such as California. Six states have delayed the restructuring process or the implementation of retail access; one state (California) had suspended direct retail access; and 26 states were not actively pursuing restructuring.¹⁵

The problems encountered as a result of deregulation in other jurisdictions have attracted pointed criticism from business interests and major heads of corporations, who are experienced in competitive management and financial efficiency. The president and CEO of DoFasco, John Mayberry, has publicly stated a business perspective of the impact of deregulation:

Ten or fifteen per cent at market opening may not sound like much, but in this economy, it's a hit that goes straight to the bottom line.

¹² Public Interest Advocacy Centre (Nov. 1999), "Consumers Still In The Dark About Buying Utilities According To New Study." <http://www.piac.ca/nov1util.htm>

¹³ http://www.est.gov.on.ca/english/am/business_plan_2001_commitments.html

¹⁴ http://www.csac.counties.org/legislation/energy/csac_resolution.html

¹⁵ Energy Information Administration (August 2002). "Electric Industry Restructuring Scorecard." <http://www.ncat.org/liheap/pubs/scorcard.htm>

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And all electricity customers, big or small, are exposed to the risk of undue price increases in the future, as a result of critical flaws in the new market, flaws that underpin the entire deregulation effort, and threaten its ultimate success.¹⁶

Chris Spearman, Chairman of the Industrial Association of Southern Alberta, has also criticized that province's deregulation process in detail. His review of the Alberta experience concludes that the original promises of an orderly transition, a fair market, and strong government vision have proven to be false. The reality is actually one of price volatility, future uncertainty, increased complexity, resulting confusion, and loss of consumer protections in a profit-driven market.¹⁷

Over the last decades, low income households have lost ground, as their incomes fail to keep pace with the cost of living. Whether working poor or living on a fixed income, these households' incomes are too low to cover basic necessities on an ongoing basis without some form of assistance. These households are most seriously affected by increasing energy prices: the costs eat up a higher proportion of their incomes, and they have less or no residual income or savings to cover the extra costs. The deregulation of the major sources of heating energy in Ontario increases the risk that low income households will be denied utilities in a climate where home heating is an absolute necessity.

In Ontario, deregulation and privatization are being implemented without proper public consultation or a clear public mandate. The deregulation process does not include a clear strategy of consumer protections or assistance to deal with the financial hardship increased prices will create for low-income consumers. The experience of several American states has shown that federal and provincial governments must think through consumer protections in relation to energy issues, and work pro-actively to find better ways of protecting consumers from profiteering (being sold a basic need as though it were a luxury), unaffordable energy rates, and unreliable service.

¹⁶ <http://www.dofasco.ca/NEWS/speeches/elec-reg.html>

¹⁷ See Electricity Deregulation section of IASA website for a full critique of Alberta's deregulation experience, <http://www.iasa.ca/>

III. Energy Assistance: Determining Local Need

In Canada, the Canadian Mortgage and Housing Corporation (CMHC) uses the Shelter Cost to Income Ratio (STIR) to determine housing affordability. The STIR calculates the percentage of gross income a household pays for shelter costs, including heat, electricity, water and sewer utilities. Housing is considered affordable if the household's shelter cost to income ratio is 30 percent or less. A shelter cost to income ratio of between 30 and 50 percent indicates an affordability problem; households paying over 50 percent of their income for shelter are considered to be high need or at imminent risk.¹⁸

While the STIR measure provides an overall measure of housing affordability, it does not separate rent or mortgage costs from energy costs. In the United States, the federal Low Income Home Energy Assistance Program (LIHEAP) uses an "energy burden" measure to determine a household's need for assistance. This measure determines the percentage of gross household income spent on energy costs by dividing the expenditures of the household for home energy by the income of the household.¹⁹ According to U.S. Department of Housing and Urban Development (HUD), total home energy costs should be no more than 8 percent of the total household income. Based upon the typical split for electric and gas costs in the U.S., affordable percentages are set at 5 percent for electric and 3 percent for gas, totaling 8 percent of household income.

U.S. studies have shown that low income households face higher energy burdens than households overall, despite the fact that they use less energy than the average household. The U.S. Department of Health and Human Services reported in 1999 that the total residential energy burden for low-income households was 12.5 percent, compared to 6.1 percent for all households. The home heating burden for all households was 1.9 percent, compared with 3.8 percent for low-income households and 5.2 percent for Low Income Home Energy Assistance Program recipients.

A state-by-state analysis of the energy burden of low income households in the U.S. published in 1995 found the following:

- Welfare households have the lowest incomes and the highest energy burden of all segments of the low-income population studied. The energy burden of welfare families was, on average, *seven times* greater than that of families whose income was at median income level.²⁰

¹⁸ PSPC (2000). *Crisis of Affordability: A Study of Homelessness and Housing Insecurity in Peterborough City and County*. P. 6.

¹⁹ LIHEAP Clearinghouse (2002). "Targeting LIHEAP Benefits: State Strategies Based on Household Income, Energy Burden and Heating Costs." <http://www.ncat.org/liheap/pubs/510targ.htm>

²⁰ From National Consumer Law Center (1995). *Energy and the Poor: The Crisis Continues*, quoted in LIHEAP Clearinghouse (2002). "Targeting LIHEAP Benefits: State Strategies Based on Household Income, Energy Burden and Heating Costs." <http://www.ncat.org/liheap/pubs/510targ.htm>

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- For single elderly poor and disabled living on Supplemental Security Income (SSI), the average energy burden was over 19 percent.
- Widows and widowers receiving Social Security income devoted an average of 14.4 percent of this income to energy costs.

Studies in the U.S. show that low-income households are disproportionately affected by energy price increases. Over the winter of 2000-2001, heating prices in the U.S. rose by at least 50 percent. A 2001 report reviewing the energy situation for low income households in the winter heating season of 2000-2001 found that low income fuel oil users paid on average 26 percent of their annual incomes for heating costs, and low-income natural gas users paid about 22 percent of their incomes. By comparison, non low-income U.S. households paid 4 to 5 percent of their incomes during that period, up only slightly from the 3 to 4 percent they had spent in previous years.²¹

Data on the energy burdens faced by individual low income households in Peterborough City and County is not available at this time. However, it is possible to determine need for energy assistance by looking at indicators including low income rates, housing affordability, social assistance caseloads and unemployment rates, disconnection rates and assistance program usage rates.

Table 1 shows the number and percentage of families and unattached individuals living below the low income cut offs according to the 1996 Census. Given that these figures are based on the 1996 Census, they do not take into account the changes in Employment Insurance or in provincial social policy made in the mid-1990s and their consequent economic effects. Research conducted by the Canadian Council on Social Development shows that the percentage of persons living on low incomes in Canada increased between 1990 and 1999.²² Updated statistics from the 2001 Census on the number of low-income households will be available in May 2003, and national developments may well be mirrored in local statistics.

²¹ Economic Opportunity Studies (2001). "The Winter Energy Outlook for the Poor." quoted in LIHEAP Clearinghouse (2002). "Targeting LIHEAP Benefits: State Strategies Based on Household Income, Energy Burden and Heating Costs." <http://www.ncat.org/liheap/pubs/510targ.htm>

²² Canadian Council on Social Development (February 2002). "Percentage of Persons in Low Income/Poverty Before Tax, Canada, 1990 and 1999." www.ccsd.ca/factsheets/fs_pov9099.htm. The overall percentage of persons 65 and over living in poverty decreased during this period; however, the number of older women living in poverty is still disproportionately high. Female-led lone parent families also experienced an overall drop in poverty levels, but their poverty rate remains at 55.8 percent.

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Table 1 Incidence of Low Income Families & Unattached Individuals, 1996²³

	# of Families with Low Income	Percent	# of Unattached Individuals with Low Income	Percent
City	3,165	17%	4815	45%
County	1,425	9%	1,175	30%
Asphodel-Norwood	165	15%	135	35%
Cavan-Millbrook-North Monaghan	145	6%	100	30%
Douro-Dummer	195	10%	110	28%
Galway-Cavendish-Harvey	155	11%	140	31%
Havelock-Belmont-Methuen	205	15%	150	33%
North Kawartha	90	13%	55	22%
Otonabee-South Monaghan	120	6%	115	28%
Smith-Ennismore-Lakefield	330	7%	370	30%

Table 2 shows the Low Income Cut Offs for 2000, which vary depending on whether households live in the City, the larger towns in the County, or rural areas in the County.

Table 2 Statistics Canada Low Income Cut Offs, 2000²⁴

Size of Household	Size of area of Residence ²⁵		
	30,000 - 99,999	<30,000 urban	Rural
1 person	\$15,648	\$14,561	\$12,696
2 persons	\$19,561	\$18,201	\$15,870
3 persons	\$24,326	\$22,635	\$19,738
4 persons	\$29,448	\$27,401	\$23,892
5 persons	\$32,917	\$30,629	\$26,708
6 persons	\$36,387	\$33,857	\$29,524
7 or more	\$39,857	\$36,085	\$32,340

²³ Does not include data for Curve Lake and Hiawatha. Source: Statistics Canada, Census of Canada, 1996.

²⁴ This table uses the 1992 tax base. Income refers to total pre-tax, post-transfer household income. Prepared by Canadian Council on Social Development using Statistics Canada's Low Income Cut-Offs, from *Low Income Cut-Offs from 1991 to 2000*, November 2001. www.ccsd.ca/factsheets/fs_lic00.htm

²⁵ Low Income Cut-Offs vary based on the population number and density of the area where the household lives. Residents of the City fall under the 30,000-99,999 category. In the County, residents of Havelock, Lakefield, Millbrook and Norwood fall under the <30,000 urban category, while residents of all other areas are considered rural.

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The percentage of households paying over 30 percent of household income for shelter provides another indicator of need for assistance with energy costs. The Ontario Non-Profit Housing Association's 1999 "Where's Home?" report revealed that 55 percent of tenants and 17 percent of owners paid over 30 percent of their gross income for shelter. Of those households, 28 percent of tenants and 6 percent of owners paid over 50 percent. Between October 1, 2001 and January 31, 2002, 218 of the 523 new housing clients of the Housing Resource Centre in Peterborough provided the information required to calculate household STIR. Of these 218 clients, 55 percent had a shelter cost to income ratio of 50 percent or higher, and 20 percent spend over 70 percent on rent.²⁶

For households receiving Ontario Works or Ontario Disability Support Program (ODSP) benefits, energy costs may be covered by their shelter allowance, if rental costs alone do not equal or exceed the monthly amount. In practice, most households which are not living in rent-geared-to-income housing pay more than their actual shelter allowance for rent and utilities (or mortgage, property taxes and utilities in the case of owners).

Table 3 shows the current Ontario Works and ODSP maximum shelter allowances.

Table 3 Ontario Works & Ontario Disability Support Program Shelter Allowances

Maximum Shelter Allowances		
Household Size	Ontario Works	Ontario Disability Support Program
1	\$325	\$414
2	\$511	\$652
3	\$554	\$707
4	\$602	\$768

These shelter allowances were set in October 1995 and have not increased in seven years. They are not indexed to the cost of living or to local rental housing markets.

²⁶ Housing Resource Centre Statistics for October 01 - January 02.

Table 4 2001 Average Market Rents²⁷

Table 4 shows average market rents for Peterborough Census Agglomeration as of October 2001. These average market rents are based on rental amounts that for the most part do not include heat and electricity costs. Tenant households interviewed as part of Peterborough Social Planning Council's *Crisis of Affordability* survey whose utility payments were not included in their rent paid on average an additional \$133 per month for utilities.²⁸

Size	Rent
Bachelor	\$467
1 bedroom	\$596
2 bedroom	\$698
3+ bedroom	\$833
Total	\$671

As of December 2001, the Ontario Works case load included 2,201 households in the City and 541 households in the County, for a total of 2,742 cases representing 5,669 beneficiaries. Of those beneficiaries, 51.6 percent were children 17 years and under. As of November 2001, the ODSP case load included 1,996 households in the City and 525 households in the County. The Ontario Works case load has decreased significantly since the program's inception in 1998. The ongoing number of cases must be taken into consideration when creating energy assistance programs. To date there has been no follow-up study showing outcomes for households which have left the Ontario Works caseload. Given average incomes in this area, it is possible that households no longer in receipt of Ontario Works have joined the ranks of the working poor, no longer eligible for help through Discretionary Benefits, but at continued risk of energy crises. **Table 5** shows the depth of low income for households in receipt of Ontario Works and ODSP benefits.

Table 5 Examples of Depth of Low Income: Transfer Income

Household Size	Ontario Works		ODSP	
	Yearly Benefit	Gap ²⁹	Yearly Benefit	Gap
Single adult	\$6,240	- \$9251	\$11,160	- \$4331
Lone parent, 1 child	\$11,484	- \$7,880	\$17,088	- \$2,276
Couple, 2 children	\$14,136	- \$15,061	\$22,764	- \$6,388

Residents of the City and County who are employed and earning lower market incomes are also at substantial risk of facing an energy affordability crisis. Peterborough has

²⁷ Canada Mortgage and Housing Corporation (November 2001). "Fast Fax Rental Market Report, Peterborough."

²⁸ Peterborough Social Planning Council (2000). *Op cit.*, p. 43.

²⁹ Gap based on LICO for urban area 30,000-99,000.

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experienced many of the trends faced at the national level. Over the last decade in Canada, the percentage of workers with secure employment and sufficient income has decreased while the number of workers employed in part-time, contract and temporary jobs has increased considerably. In 1998, over 52 percent of Canadian workers earned less than \$15 per hour. **Table 6** shows the depth of low income (gap between a household's income and the low income cut off) experienced by households with low market earnings

Table 6 Examples of Depth of Low Income: Market Income

Hourly Wage	Yearly Salary	Gap for Lone Parent, 1 Child ³⁰	Gap for 1 income couple, 1 child	Gap for 1 income couple, 2 children
\$6.85 ³¹	\$14,248	- \$5,116	- \$9,834	- \$14,904
\$8.55 ³²	\$17,784	- \$1,580	- \$6,298	- \$11,368

Unemployment rates and changes to Employment Insurance eligibility must also be taken in to account when determining need. Economic Region 520, which includes the Counties of Peterborough, Haliburton, Victoria, Northumberland and the District of Muskoka, experienced an average unemployment rate of 5.6 percent in 2000 and 6.0 percent in 2001. The unemployment rates for January, February and March 2002 were 7.6 percent, 8.9 percent and 8.8 percent respectively.³³ Changes in Employment Insurance (EI) eligibility may have a direct effect on the need for energy assistance. As a result of more stringent eligibility requirements, only 30 percent of workers eligible for EI in 1990 would be eligible under the new regulations. Eligibility is now based on 700 hours (900 hours for first time entrants or re-entrants to the labour market), making it more difficult for temporary, part-time and contract workers to qualify.

The number of utility disconnections may serve as an indicator of need for energy assistance. However, its use as a local indicator is limited in that Peterborough Utilities Services does not keep records of the number of low income households disconnected (and in fact cannot ask households about their income level), and Enbridge and Hydro One have not provided local statistics. Peterborough Utility Services estimates an average of between 50 and 90 households per month, or about 600 to 1080 households per year, are disconnected for non-payment of bills.³⁴

Usage statistics for emergency energy assistance programs also provide an indicator of need, although these statistics provide only a partial picture of the level of need. Public knowledge of these programs is limited, and thus many households in need never

³⁰ Gap based on LICO for urban area 30,000-99,000.

³¹ Current minimum wage, Ontario.

³² Average wage, Employment Placements with Incentives (E.P.I.), Ontario Works, June 2001.

³³ Figures supplied by Claudia Humber, Labour Market Information Analyst, Human Resources Development Canada.

³⁴ Based on a conversation with Robert Lake of Peterborough Utilities Services.

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access assistance. Restrictions on eligibility or availability of funds also reduce the number of households assisted. These statistics do not screen out duplication, where a household has accessed more than one source of assistance. **Table 7** shows the number of households granted energy assistance and the total amounts disbursed by local programs. Please note that the 2001-2002 data for the Housing Resource Centre Emergency Assistance Fund covers the period from October 2001 to December 2001 only. Due to funding issues, the Emergency Assistance Fund was not available for part of the heating season, and thus the figures below under-represent total requests for assistance.

Table 7 Local Emergency Assistance Program Usage, 2000-2001 & 2001-2002 Heating Seasons³⁵

Program	2000-2001		2001-2002	
	# of Households	Amount	# of Households ³⁶	Amount
OW and ODSP Discretionary Benefits	125	\$36,097.83	174	\$76,062.79
Housing Resource Centre Emergency Assistance Fund	128	\$10,792.78	72	\$20,666.48
Share the Warmth	44	\$10,048.67	82	\$11,369.09
Season Total		\$56,939.28		\$108,098.36

As **Table 7** shows, the need for assistance has increased over the past two heating seasons. The amount of assistance almost doubled between 2000-2001 and 2001-2002: if the Housing Resource Centre Emergency Assistance Fund had been available throughout the entire heating season, it is likely that the total assistance paid out during the 2001-2002 heating season would have increased significantly. While **Table 7** focuses solely on the heating season, low income households require energy assistance during the rest of the year as well. Between April and October 2001, Discretionary Benefits totaling \$45,361.89 were disbursed to address utility and heat disconnection notices.

The indicators reviewed above suggest the depth of the need for energy assistance for low income households in Peterborough City and County. Ideally, more detailed information on the energy needs of low income households will be made available, through 2001 Census data, improved data collection processes at local agencies and utility providers, and purchase of data from Statistics Canada.

³⁵ The Discretionary Benefits policy in effect during these periods defined the heating season as November to March. The Emergency Fund statistics includes data from October to March for the 2000-2001 season and October to December for the 2001-2002 season.

³⁶ Data on the number of clients receiving Discretionary Benefits was not available for March 2002; a total of \$20,016.41 was distributed in that month.

IV. Local Community Supports and Utility Provider Policies

i. Summary of Local Financial Assistance Services³⁷

Presently, low income residents of Peterborough City and County who are facing cost-of-energy crises can seek assistance from three sources: the Social Services Department of the City of Peterborough, the Housing Resource Centre (HRC), and the Salvation Army. These organizations administer local programs which provide financial assistance to prevent homelessness or physical endangerment. These programs are summarized in **Table 8** below:

Table 8 Summary of Local Financial Assistance Services

SOURCE	SERVICE NAME	BASIC DESCRIPTION
City & County of Peterborough Social Services Department	Ontario Works Emergency Assistance	Financial assistance in a crisis situation.
	Ontario Works Community Start-Up Benefit	Financial assistance provided to Ontario Works recipients in specific cases where a residence change is needed.
	Ontario Works Discretionary Benefits	Financial assistance provided to Ontario Works and Ontario Disability Support Program recipients in specific cases and at the discretion of the Ontario Works administrator.
Ministry of Community and Social Services	Ontario Disability Support Program (ODSP) Community Start-Up Benefit ³⁸	Financial assistance provided to ODSP recipients in specific cases where a residence change is needed.
Housing Resource Centre (HRC)	Emergency Fund	One-time financial assistance to prevent homelessness.
	Share The Warmth	One time financial assistance to help with heating costs. Provincial program administered by HRC.
Salvation Army	Emergency Assistance	One-time financial assistance to help with a basic need.

The above programs each have different eligibility criteria, application processes, and assistance levels. All of these services acknowledge that their levels of support are inadequate to meet the financial need in all requests for service. Often, the funds a household may need to avoid homelessness are obtained by pooling varying amounts

³⁷ PSPC would like to thank John Coreno of the Peterborough City and County Social Services Department, Rosemary O'Donnell & Kerri Boyd of the Housing Resource Centre, Hannah Routly of Share the Warmth, and Shelley Ballantine of the Salvation Army for their assistance in preparing this report.

³⁸ For a description of this program, please see the description of Community Start Up Benefits in the City & County of Peterborough Social Services Department section.

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of assistance from each program. This requires agencies and Social Services to work together to solve a case, each making pragmatic decisions based on the funds available at the time and the capacity of those funds to effectively prevent endangerment. (No funds are advanced unless the amount is sufficient to prevent disconnection.) From October 2001 to March 2002, the Housing Resource Centre's Emergency Fund paid out \$20,666.48 in emergency assistance, and leveraged \$19,475 from other programs.³⁹

With the exception of Ontario Works and Ontario Disability Support Program (ODSP), these services operate on very tenuous funding. During the 2001-2002 heating season, both the Housing Resource Centre's Emergency Fund and the Salvation Army's Emergency Assistance ran out of funds by February. Unfortunately, even when all these programs are operating, their resources are insufficient to meet the needs of low income households in this area.

The following section outlines the assistance offered through each program.

City and County of Peterborough Social Services Department

The Ontario Works (OW) and Ontario Disability Support Program (ODSP) Acts were introduced in 1998, fundamentally changing the system for delivery of Social Assistance in the province. Ontario Works is delivered through municipal Social Services Departments, and ODSP is delivered by the Ministry of Community and Social Services (MCSS). Funding for those social assistance programs downloaded to the municipalities is cost-shared by the province and municipalities at varying rates.

Social Services Departments provide various types of income assistance support, including Mandatory Benefits, Emergency Assistance, and Community Start-Up Benefits. In addition, some municipalities, including Peterborough, choose to provide Discretionary Benefits, for which persons receiving Ontario Works or ODSP may be eligible.

The purpose of Ontario Works, according to the government is to "provide temporary financial assistance to those most in need while they meet obligations to become and stay employed"⁴⁰. In creating the Ontario Works program, the provincial government instituted a number of regulations which underscore the intention that Ontario Works is to be a last resort for persons in financial need, rather than an ongoing source of income. The provincial government reduced benefits by 21.6% in 1995, and has not adjusted them since to reflect changes in the cost of living. Maximum allowable asset levels have also been reduced. The inadequate levels of assistance that have existed over the past seven years are reflected in the growing levels of homelessness seen throughout the province, and in the Peterborough area, since the mid-90's⁴¹.

³⁹ Housing Resource Centre memo, "Benefits of Emergency Assistance Funds"

⁴⁰ Ontario Works Directive 1.0

⁴¹ PSPC (2000). *Crisis of Affordability: A Study of Homelessness and Housing Insecurity in Peterborough City and County*.

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The primary form of assistance available under OW is Mandatory Benefits, which are provided in accordance to household composition and maximum allowance tables mandated by the province. These benefits are calculated by using the categories of basic needs and shelter. The latter category includes allotments for heat energy and utility costs in addition to rent or mortgage costs.

Once an applicant has successfully obtained access to Mandatory Benefits, they can access other income support programs to help solve their cost-of-energy crises.

Emergency Assistance

Ontario Works may provide up to two weeks basic financial assistance to households experiencing a financial emergency that cannot wait for the intake process, if the household meets the following requirements:

- the household does not have enough money or assets and cannot obtain credit to provide for basic needs and shelter needs
- failure to provide the emergency assistance will result in danger to the physical health of a member of the benefit unit or in one or more dependent children being unable to continue to reside with his or her parent who has requested the emergency assistance.⁴²

The definition of danger to physical health includes the need for assistance to purchase shelter including heat. A household is not eligible to receive Emergency Assistance if its Ontario Works benefits have been terminated for a period of three months, six months or for the applicant's lifetime.⁴³

Community Start-Up Benefit

The Community Start-Up Benefit (CSUB) is a mandatory benefit under both the Ontario Works and Ontario Disability Support programs. This benefit assists eligible households with costs associated with establishing a permanent residence in the community. Households are eligible for assistance if the need to move is clearly established. Accepted reasons for moving may include:

- family violence
- literal homelessness or threatened eviction
- uninhabitable housing
- overcrowding
- relocation for employment or training
- affordability of accommodation
- discharge from institutions such as hospitals, correctional facilities, etc.

⁴² Ontario Works Emergency Assistance Directive 10.0-3 56.(2)(a) & (b)

⁴³ Assistance is refused, cancelled or reduced when an applicant or recipient is determined to be in breach of Ontario Works' regulatory requirements.

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CSUB may provide up to \$1,500 for families with dependent children and \$799 for all other applicants, based on actual costs. Generally, households are eligible for CSUB only once in a twelve-month period. In some exceptional cases, where the need for an additional move is verified, households may receive a second Start-up benefit in the twelve-month period, as long as the total of the two benefits does not exceed the maximum dollar amount.

Community Start-up Benefit may be used to pay fuel and electricity deposits to establish service in the new residence.⁴⁴

Discretionary Benefits ⁴⁵

Ontario Works regulations allow for the provision of Discretionary Benefits to persons in receipt of Ontario Works or Ontario Disability Support Program (ODSP) benefits for certain health and non-health related reasons. The decision to grant these benefits is made on a case by case basis by the worker. Discretionary Benefit policies vary among municipalities across the province.

Under the Discretionary Benefit policy adopted by local Councils and implemented by the City and County of Peterborough Social Service Department, OW and ODSP recipients may be eligible for the following benefits to assist with energy costs:

Repairs to Homes Owned by Clients

A one time emergency payment of up to \$3,000 for necessary repairs “where not providing [the repairs] would be detrimental to the health and well-being of the participant and/or dependants,” and where other funding is not available. Eligible expenses may include repair or replacement of a furnace or wood stove.

Initial Heat and Utility Deposits

Households may be eligible for discretionary benefits to pay the initial heat and/or utility deposit(s) if they are ineligible for Community Start-up Benefits, in cases where a move is necessary, or where the utilities must be transferred into the recipient’s name. Households may be granted a one-time payment of up to two months estimated equal billing of the service for the initial deposit. Payment is made directly to the service provider(s).

⁴⁴ CSUB may also be used for last month’s rent deposit, household furnishings, moving and transportation costs, clothing and other costs approved by Ontario Works. OW Provision of Benefits Directive 31.0 – 18-21.

⁴⁵ Peterborough Social Services’ Discretionary Benefits policies are outlined in Peterborough Social Services Section 01-34: Discretionary Benefits, June 2002.

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Disconnection of Services or Pending Eviction

Under this policy, households facing disconnection of heat or utility services are eligible for up to \$600 per service **once per year** to maintain heat and utilities. Payment is made directly to the service provider, and must prevent disconnection.

Table 9 below shows data on the number of clients and amount of discretionary benefit dollars that were issued to address utility and heat disconnection notices.⁴⁶ Please note that the average amount per client does not necessarily reflect the total amount required to resolve an energy emergency; in some cases, clients also accessed funds from other sources.

Table 9 Discretionary Benefits Usage for Utility & Heat Disconnections, Peterborough City & County

Period of Assistance	No. of Clients	Average Amount per Client	Total Amount
Nov 2000 - Apr 2001	170	\$313.10	\$53,226.87
May 2001 - Oct 2001	110	\$194.35	\$28,232.85
Nov 2001 - April 2002	237*	**	\$95,387.71
May 2002 – July 2002	102	\$335.98	\$34,270.37

* Data on the number of clients in March 2002 was unavailable, and thus the total number of clients was higher than reported here.

** The average amount of assistance per client for this period, excluding March 2002, was \$318.02.

Of the 280 clients granted Discretionary Benefits to address utility and heat disconnections between November 2000 and October 2001, 63 were from the County, and received a total of \$21,725.25, for an average of \$344.84 per case. Of the 339 clients granted benefits between November 2001 and July 2002 (excluding March 2002), 70 were from the County, and received a total of \$30,169.67, for an average of \$430.99 per case.

Despite their restricted eligibility, Discretionary Benefits provide the greatest amount of assistance for heat and utility disconnections of any of the emergency assistance programs. At this time, a breakdown of the number of cases and amount of assistance by energy source is unavailable. Ideally, these statistics will become available to the community, to assist in determining the focus for energy assistance efforts.

Housing Resource Centre Emergency Fund

The Emergency Fund is administered by the Housing Resource Centre (HRC), a program of the Community Counselling and Resource Centre (CCRC). The HRC offers

⁴⁶ Data provided by Peterborough City and County Social Services Department.

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access to the community's homelessness prevention fund of last resort, assisting low-income households at imminent risk of homelessness.

Applicants must meet with a staff person of the Housing Resource Centre to apply for assistance through the fund. The HRC has a main office in Peterborough, where all its services are available. It also provides weekly service at the Family Shelter, and at the Crossroads I and II shelters for women and children operated by the YWCA. On request, they will provide service at the men's shelter, the Brock Mission. To facilitate fund access throughout the County, the HRC offers access points at Apsley, Norwood, Buckhorn, and Curve Lake (on request). The HRC also carries out arranged home visits or visits to neutral locations throughout the County where there are extenuating circumstances.

Households must meet the following eligibility requirements:

- the combined household income must fall below the Low Income Cut Off (LICO)
- the household must be at least \$100 in arrears to their utility or energy provider, or have received a disconnection notice
- assistance is reserved for cases where the household is at imminent threat of homelessness or is effectively homeless at the time of application (assistance must be related to retaining or obtaining housing or shelter)

HRC requests documentation to substantiate identity, residence, income, and proof of arrears or threat of disconnection. If the applicant is a recipient of Social Assistance they are requested to contact their worker to apply for discretionary or mandatory benefits. Once eligibility has been established, the Emergency Fund administrator and the HRC manager make a decision regarding the level of assistance awarded and the process to follow to ensure a successful intervention.

The fund is restricted to a once-per-year use and its maximum assistance levels vary according to fund availability. In situations where the applicant disagrees with the assistance decision, a Case Coordination Committee will listen to appeals and provide advice regarding management of the fund to the HRC.

When the Emergency Fund is administered in combination with Housing Support services, follow-up is done by the HRC for 3 months after the assistance is provided. In all interventions, receipt of assistance verification is conducted in order to close a case. The Emergency Fund was also evaluated monthly by Human Resources Development Canada (HRDC) and by AHAC in 2000 - 2001.

Of the 128 requests for emergency assistance between October 1, 2000 and March 2001, one-third were for assistance with utilities. During the 2000 - 2001 winter heating season, the Emergency Assistance Fund provided 44 households with a total of \$10,792.78 in assistance for utilities. The average amount per case was \$245.29.

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Between October 2001 and March 2002, over half of the requests for emergency assistance were for help with utilities. During those months, the Emergency Assistance Fund provided funds for utilities to 72 clients, for a total of \$20,666.48. The average amount assistance of assistance per case was \$287.03. It is important to remember that the Housing Resource Centre often leverages additional funds from Discretionary Benefits or the Salvation Army, and thus the total amount provided in some cases was significantly more.

The Emergency Assistance Fund provided assistance with electricity, natural gas and fuel oil in the following proportions:

Table 10 Emergency Assistance Fund Usage, 2000-2001 & 2001-2002 Heating Seasons

Energy Source	2000-2001*		2001-2002**	
	# of Cases	% of Cases	# of Cases	% of Cases
Electricity	47	53 %	49	67 %
Natural Gas	31	35 %	20	27 %
Fuel Oil	11	12 %	4	6 %
Total	89	100 %	73	100 %

* October 1, 2000 to March 31, 2001

** October 2001 to December 2001

As **Table 10** indicates, the highest percentage of requests was for assistance with electricity. It is important to note that these figures reflect the period before electricity deregulation took effect, and do not include the requests for help that had to be denied when the Fund was not operating. It is expected that the figures for the coming heating season will increase in response to the rising cost of electricity.

Share The Warmth

Share the Warmth (STW) is a Toronto-based program, which branched out to serve Peterborough city during the winter of 1999/2000. The program was started by Osgoode Hall Law Students in 1995, and operates using mostly locally-raised funds.

The funds used by STW are gathered by phone canvassing and through advertisement-based fundraising campaigns. The Peterborough Utility Services participates in Share the Warmth's work, and informs its customers of the program with an option to donate to the STW fund. Hydro One does not participate in the STW, and thus low-income County residents cannot be assisted with electricity costs through STW. Hydro One has no plans to participate in Share the Warmth in the future.

Access to STW is available through the Housing Resource Centre, which operates as an access site reporting back to the STW main office in Toronto. The program's usual

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operating period spans the winter months of December to April; however, due to fundraising shortfalls, the program ceased operating at the end of February in 2002.

In order to qualify for assistance under the Share the Warmth program, a household must contain at least one or more vulnerable persons. This refers primarily to households with dependent children, provided they are in regular school attendance and are 21 years of age or under. STW can also assist individuals or households where the main applicant is a vulnerable senior over the age of 65, or the applicant is disabled or terminally ill. During its introductory phase, STW did not extend its assistance to recipients of Social Assistance. This stemmed from a hesitation to involve private dollars in relieving crises created by inadequate levels of government funding for social assistance. However, this program limitation was quickly lifted.

In order to be eligible, households must be in a crisis which could result in eviction or utility disconnection, and meet a financial need test which takes into account family size and monthly budget expenses (rent, heating, electricity, water/sewer, and medical needs, and other costs such as student loans, childcare, property taxes). Applicants must provide verification of the energy crisis and of income and expenses.

The Toronto STW office acts as the fund manager, and makes arrangements to issue assistance directly on a recipient's behalf at accounts with Peterborough Utility Services, Enbridge Gas Services, and Petro-Canada in oil cases; wood deliveries are also arranged in a small number of cases. The assistance may take from 2 to 4 weeks to be granted, in the meantime, the applicant's account will obtain a negotiated grace period. In oil cases, applications are expedited.

During the 2001-2002 heating season Share the Warmth instituted a centralized "account hold" procedure for people under threat of disconnection whose applications were being processed, successfully delaying disconnection in those cases. The program also provides oil on an emergency basis once a household's application is approved. However, for the most part Share the Warmth functions as a crisis prevention program, rather than as an emergency assistance program.

The HRC ensures an immediate follow-up call in every case where assistance is granted. The staff inquire about the effectiveness of the assistance, especially in cases of oil deliveries. The agency also collects detailed information relating to the situations and amounts given out in relation to each case served.

Over the course of Share the Warmth's 2000 – 2001 season, 44 households received financial assistance totaling \$10,048.67. During the 2001 – 2002 season, which ended February 27th, 2002, 82 applicants were assisted in Peterborough City and County, for a total of \$11,309.09 in energy assistance. When Share the Warmth closed due to insufficient funds at the end of February, 2002, 40 applications were still outstanding.

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Table 11 outlines the distribution of assistance by energy source for the 2000-2001 and 2001-2002 heating seasons.

Table 11 Share the Warmth Usage, 2000-2001 & 2001-2002 Heating Seasons

Energy Source	2000-2001		2001-2002	
	Amount	% of Fund	Amount	% of Fund
Electricity*	\$4,891.69	48.7 %	\$6,560.25	58.0 %
Natural Gas	\$3,179.89	31.6 %	\$3,520.83	31.1 %
Fuel Oil/Other	\$1,977.09	19.7 %	\$1,188.01	10.5 %
Total	\$10,048.67	100.0 %	\$11,309.09	100.0 %

* Peterborough Utilities Services Inc is the only electricity provider in Peterborough County that participates in Share the Warmth.

As **Table 11** shows, the highest percentage of assistance under Share the Warmth goes to electricity costs. The amount of assistance provided for electricity costs increased 34 percent from the 2000-2001 heating season to the 2001-2002 season. The total distribution for natural gas increased by 12 percent in the 2001-2002 season, while the total distribution for fuel oil or other sources of heat (e.g. wood) decreased by 40 percent.

Salvation Army Emergency Assistance

The Salvation Army delivers an Emergency Assistance service to City and County residents who apply for help in relation to a basic necessity of life, including energy costs.

To be eligible for assistance, a household must have explored all other forms of assistance, and the applicant must produce personal identification and income verification. Applicants access the fund at the Salvation Army's offices, where a first-come-first-served daily drop-in takes place from 1 to 4 pm. People are also referred by other organizations looking to combine sources of assistance in order to solve a household's situation.

Once the applicant has been screened and an assistance decision is made, a payment is made directly by the Salvation Army to the utility company on the recipient's behalf. Assistance is available on a one-time basis only. The maximum amount of assistance per household in 2001-2002 was \$100.

Of all the services described in this report, the Salvation Army's Emergency Assistance has the least financial capacity, typically providing the lowest assistance levels to its recipients. In cases where the available funds are unlikely to mitigate the presenting crisis, assistance will not be provided without complementary contributions from other funds of last resort. When this happens, the Salvation Army forwards its assistance

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allotment for that case to one of the other agencies (most often, the HRC) so it can be combined with other applicable funds like the Emergency Fund or Discretionary Benefits.

The total funding available for the 2001 – 2002 season was \$3,000, enabling the Salvation Army to assist approximately 30 households. Funding sources consist of local private donations and church funds; these monies are assigned to assistance categories and a portion of funding is earmarked for cost-of-energy crises. During the winter of 2001 - 2002, the Salvation Army's funds for energy cases were exhausted by February.

ii. Strengths and Limitations of Existing Programs

The **City and County of Peterborough Social Services Department** has the greatest financial and staffing capacity for providing energy assistance. The department has interpreted the provincial regulations around Discretionary Benefits to allow for the provision of significant levels of assistance to households in receipt of Ontario Works and Ontario Disability Support (ODSP).

However, the assistance provided by Social Services has some limitations:

- Local agencies report that clients have difficulties in accessing **Emergency Assistance**; however, Social Services reports that the low number of cases granted Emergency Assistance results from the attempt to process applications as quickly as possible.
- The overall level of assistance available through **Discretionary Benefits** is limited by provincial regulations and by the provincial municipal cost-sharing formula established as part of the downloading of social services to the municipal level. The limited financial resource base of municipalities such as Peterborough limits their ability to fund these programs.
- Discretionary Benefits are not available to the “working poor.” In the past, Social Services administered the Helping Hands fund, which provided assistance to families with children that had employment or social assistance income. However, this program was funded through the National Child Benefit Reinvestment Fund, and these dollars are no longer available.
- There are anecdotal reports of barriers for ODSP recipients in accessing Discretionary Benefits. Unlike Ontario Works recipients, ODSP recipients do not have caseworkers to provide them with information on the assistance they may be eligible for or to assist with the processing of an application for Discretionary Benefits. Agencies and housing providers that support persons with disabilities receiving ODSP report that clients have been told that there are no Discretionary Benefits for ODSP recipients.

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- Not all eligible recipients are aware that the benefits exist, and there is no appeal process if applicants are refused. Access to benefits does not appear to be consistent in all cases. Some recipients are afraid to approach workers about assistance with threatened disconnection, thinking they may lose their benefits or incur overpayments.
- Under changes made to the Discretionary Benefits policy in June 2002, prevention of utility disconnection and pending eviction is considered a health-related issue in summer as well as winter. The benefit maximum is now \$600 throughout the year, whereas the previous policy capped the benefit at \$300 from May 1 to October 31. This change significantly assists people experiencing hardship during the summer months (particularly those households facing high bills following equal billing reconciliation). However, the policy was also changed to restrict access to **once per year**, whether people used the maximum benefit or not. In the past, eligible households could access this discretionary benefit more than once, up to the maximum amount. Now, if a household requires a small amount to prevent disconnection in February, they are not eligible for help if they run into similar trouble the following December.
- When households in receipt of Ontario Works are on equal billing plans for their utilities, any amounts owed after the yearly reconciliation are considered to be arrears, and must be covered through Discretionary Benefits. However, the reconciliation amount represents the actual cost of energy used, rather than a failure to pay bills on time. Given that shelter allowances are intended to cover actual rent and utility costs up to a maximum level, the amounts owed after reconciliation should be considered as part of the shelter allowance, where the household is not already receiving the maximum amount.

The **Emergency Fund** program administered by the Housing Resource Centre in Peterborough is designed to react quickly to mitigate crises and has attempted to develop an access structure in the County as well as the City. The fund assists Social Assistance recipients as well as low-income households with market income, and is accompanied by housing support.

However, many households in need are not aware of the existence of the fund. Also, inadequate and unstable funding and ongoing issues around adequate staffing capacity pose real challenges to the Emergency Fund program. If the Emergency Fund survives its present funding crisis, the implementation of a community-based, coordinated homelessness outreach program throughout the City and County will increase the demand for assistance, as the existence of the fund becomes more widely known. If the expected price increases materialize following the opening of the new electricity market in May 2002, the demand for assistance with energy costs is also expected to rise sharply.

The **Share the Warmth** program is designed to channel assistance directly towards heating costs in households with vulnerable members; accountability is strictly

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monitored by a regional office; and there is effective access to service at a local level through a local agency.

However, fundraising shortfalls limit the availability of funds for periods throughout the operating season and, as was the case in 2002, may shorten the operating period. This program would be of greater impact in our community if it were able to expand service to include the County; however, this can only be achieved with the cooperation of Hydro One. Other needed enhancements include an increase in the available funding to cover the current need and extend beyond the present maximum allowances. Fundraising methods could include the use of stronger community advertising of the program and more donation options, such as through PUS return payment envelopes.

The Salvation Army's Emergency Assistance provides an important additional source of financial help, which may be used in combination with other sources of assistance to cover larger arrears. Unfortunately, funding to support this service is inadequate, and the Salvation Army must compete with other causes seeking charitable dollars to replenish the fund.

Other community churches and service clubs throughout the region provide financial aid in a small number of cases. These services, however, are limited due to their lack of organizational capacity for fundraising beyond congregational or community drive levels.

iii. Local Utility Provider Policies

The principal providers of energy in Peterborough City and County are Enbridge Consumers Gas, Hydro One, and Peterborough Utilities Services. Consumers who use fuel oil may choose from a number of different providers.

Enbridge Consumers Gas

Enbridge Consumers Gas offers an Equal Billing Plan to its residential customers. Customers receive their reconciliation bill, showing a credit or debit, in July.

In the case of late payments, the customer receives an automated telephone message from Enbridge after 10-15 days, and a "friendly notice" letter after 30 days. An urgent notice is sent out after 45 days. In the case of severe arrears, Enbridge takes further collection actions. A notice warning of disconnection in 7 days is sent out, followed by a 72 hour notice. A notice warning of disconnection in 48 hours is hand delivered.

If the customer cannot pay the arrears in full, Enbridge may accept payment arrangements depending on the account history. Enbridge is less likely to disconnect service if customers respond to notices and make agreed-upon partial payments. Disconnections are more common in the summer months.

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Once a customer has been disconnected, Enbridge requires payment in full of arrears, plus a reconnection charge and a security deposit.

Hydro One

Hydro One also offers a budget billing plan, which allows customers to pay a flat fee for 11 months, with reconciliation in the 12th month. Hydro One does not routinely require a security deposit for new customers.

In the event of a late payment, customers receive a first notice on the next month's bill. Once the payment is more than 60 days late, customers are notified by letter that they will be disconnected on a specified date. In order to avoid disconnection, customers must pay the arrears in full (payment must be confirmed), either outright or through individualized payment plans. Hydro One charges \$25 for a 'standard trip' to collect payment of the bill. Depending on the account history, customers may be asked to provide a security deposit, based on two months' usage, which is held by Hydro One for 18 months.

Peterborough Utilities Services, Inc.

Peterborough Utilities Services Inc. offers an Equal Payment Plan after a customer has lived in their current residence for 12 months. Customers make 11 equal payments and receive a credit or pay amounts outstanding in the twelfth month. Customers' plans may be terminated if they fail to make their full payment by the monthly due date.

PUS also requires a security deposit based on two months' usage with a minimum deposit of \$150.00. These deposits are held for 12 months and refunded if the customer has maintained a good payment record.

PUS has introduced a credit point system, where customers are charged points based on various payment infractions: a late payment charge equals 1 point; a hand delivered notice equals 10 points; a returned cheque equals 10 points; and disconnection for non-payment equals 20 points. Customers are charged a \$200 security deposit once they have accrued 200 credit points.

Peterborough Utilities Services customers are given a four day grace period following the due date of their bill. A 'friendly reminder' letter is mailed out, asking the customer to make payment or contact the office within 7 days. If the customer does not comply, a notice is hand delivered giving the customer a further 7 days to pay in full or make payment arrangements. Seven days later, a "cut for non pay" is issued, and a serviceperson is dispatched to disconnect the service. Customers may be billed the following collection charges:

- Hand delivered notice: \$2.00
- Collection visit: \$17.00
- Re-connection fee (during business hours): \$40.00

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- Re-connection fee (after business hours): \$80.00

Fuel Oil Distributors

It is not within the scope of this report to provide detailed information on each of the fuel oil providers in the Peterborough area. However, many of the providers offer some form of equal or budget billing plans. A number of providers also offer seniors discounts. Unlike natural gas or electricity, low income households using fuel oil do not have a grace period before disconnection. A key issue for low income households using fuel oil is the willingness of fuel oil distributors to deliver smaller amounts of oil when households cannot afford to fill or half-fill the tank.

V. Models for Low Income Energy Assistance

Policies and programs that support low-income energy consumers at risk of experiencing cost-of-energy crises can be sorted into categories along a continuum of supports ranging from prevention measures to emergency interventions. These supports may be divided into four broad categories, which can help to identify where community response systems are adequate and where they require further development:

Consumer Protections: These measures are implemented by government and industry in order to ensure energy affordability, to protect consumers in general, and low-income consumers in particular, from high energy costs. Consumer protections may be implemented through systems planning, industry regulations, and government social policy.

Crisis Prevention: These measures aim to reduce the energy burden of low income households to reduce their risk of a cost-of-energy crisis. Crisis prevention measures may be funded and implemented by governments, energy providers, or community agencies.

Transition Assistance: Rebates provided by communities and governments which assist households to meet sharply rising energy costs. Transition assistance may be offered in response to changes in existing markets (including deregulation), spikes in energy costs or extreme weather conditions which negatively affect affordability and stand to create a cost-of-energy crisis for low-income households.

Emergency Assistance: Financial, advocacy and collections responses for households facing disconnection or already disconnected.

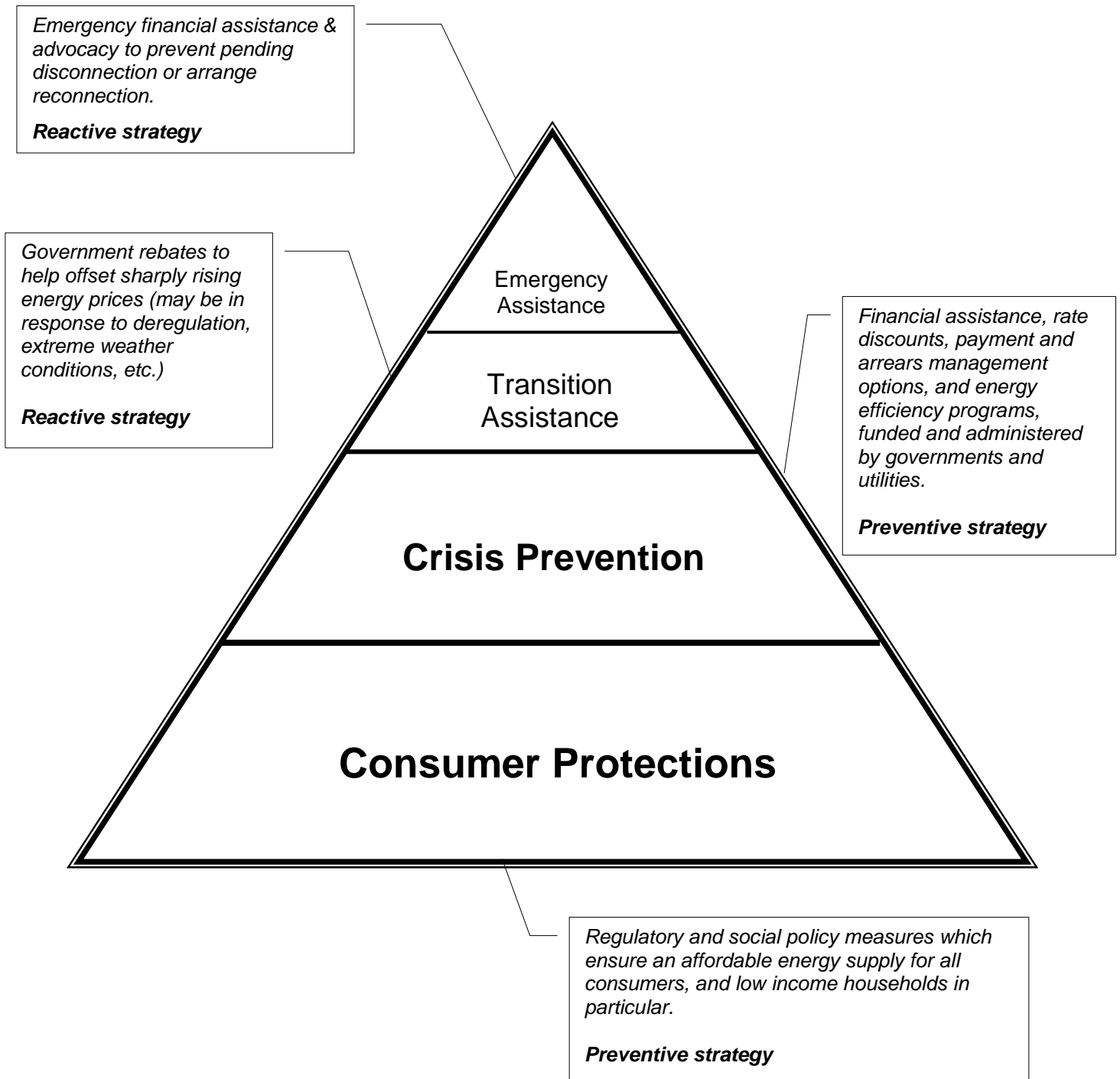
Each of these types of assistance should be accompanied by adequate **Outreach and Marketing**, to ensure that the greatest number of eligible consumers avail themselves of assistance before reaching a crisis.

Figure 1 suggests a model for an overall Energy Assistance Plan, where a greatest amount of resources is targeted to primary programs which prevent crises for energy consumers, resulting in a reduced need for funding for reactive interventions once the consumer is threatened with disconnection and possible homelessness. In this model, Consumer Protections and Crisis Prevention provide the foundation for affordability. These preventive measures benefit all energy consumers, providing protection from energy shortages and cost spikes, and reducing costs from arrears, defaults and associated administrative costs that are passed on to all energy consumers. Transition Assistance and Emergency Assistance becomes less necessary and require fewer resources if the foundational protections are in place.

A review of existing programs offering energy assistance in Canada, and particularly in Ontario, suggests that the ideal model is currently inverted, with the majority of efforts directed towards Emergency Assistance and Transition Assistance (Appendix A). Across Canada, the majority of solutions employed by the federal and provincial

Figure 1 Model for Energy Assistance Plan

A successful model for low income energy assistance must include policies and programs from each of the four categories, ideally in the proportions shown.



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governments are limited to government rebates for heating or electricity costs and homelessness prevention funds⁴⁷ to be used for service delivery or financial assistance.

A review of energy assistance programs in the United States yields a different picture. Energy assistance programs in each of the four categories exist across the county, funded by the federal and state governments, as well as investor-owned utilities and charities.

The following section outlines a number of the most common programs in each energy assistance category offered in American and Canadian communities.

A. Consumer Protections

Consumer protections are implemented through strong industry regulations and government policies. These protections may include:

- Establishing and maintaining publicly-owned utilities providing energy at cost, without the requirement to return profits to shareholders⁴⁸
- Mandating and funding the implementation of energy assistance programs to assist low income consumers to prevent energy crises and/or to address energy crises to prevent homelessness and physical endangerment
- Vital services by-laws, which prevent disconnection of a tenant's utilities where utility costs are included in the rent and where the landlord has not made adequate or timely payments
- Policies and procedures around deposits and collections that do not create undue hardship
- Building code requirements or tax incentives to encourage non-electric heating systems
- Property Standards by-laws with adequate enforcement

In the U.S., the establishment of the Low-Income Heating Energy Assistance Plan (LIHEAP) by Congress in 1981 provided a major consumer protection for low income energy consumers. LIHEAP provides block grant funding to the states to provide heating and cooling assistance to almost 5 million low income households including the working poor, disabled persons, the elderly and families with young children. Federal

⁴⁷ These funds include federal Supporting Community Partnership Initiatives (SCPI), Provincial Homelessness Initiative Funding (PHIF) and, in some cases, the municipal portion of the National Child Benefit Reinvestment Fund.

⁴⁸ According to Paul Kahnert, spokesperson for the Ontario Electricity Coalition, "Around the world, rates at publicly owned electrical systems are 18 percent cheaper than with privately owned systems." Quoted in John Driscoll and Bill Hodgins, "Local Coalition Fighting Deregulation." *Peterborough Examiner*. (February 22, 2002) B3.

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dollars are allocated by the U.S. Department of Health and Human Services to each state based on a formula that reflects cold weather conditions and low income levels.

Federal regulations provide guidelines to the states in setting eligibility requirements. Households are eligible when incomes do not exceed the greater of 150 percent of the federal poverty level or 60 percent of state median income; however, states may set income limits as low as 110 percent of the poverty level. Federal regulations also specify categories of programs for which LIHEAP funds may be used. These include the Energy Crisis Intervention Program, Basic Energy Assistance Program, Energy Efficiency, and Leveraging Incentive Program, described below.

These programs are administered at the state and County levels by governmental agencies, and implemented at the local level primarily by community action programs, local welfare agencies and area agencies on aging. In addition to the federal block grant monies, some states allocate state funds to extend or expand the LIHEAP programs. These state funds may be used to top up funds available to individual households; to help additional families when the LIHEAP funds run out; or to assist households which do not fit within the LIHEAP guidelines yet show a verified need.

Some states such as Nevada have legislated universal energy charges to be paid by all customers; the money collected funds energy assistance and conservation for low income consumers. In Nevada the monthly charge averages about 43 cents on the typical residential electric bill and 16 cents on the typical residential gas bill, and is expected to generate \$10 million annually for low-income energy assistance and conservation.⁴⁹ In the case of Nevada, the universal energy charge funds are key to alleviating need for low income households: according to the Welfare Division, federal LIHEAP funding assists from 8,000 to 9,000 households, while the non-federal funds will assist over 30,000 households.⁵⁰

LIHEAP funds are supplemented to a limited extent in some areas by additional state appropriations, programs from energy suppliers and utilities, church donations and local charitable “fuel funds” administered by community agencies, charitable organizations and the faith community. Approximately \$25 million of LIHEAP program funds are used annually for the Leveraging Incentive Program, to reward states for programs that spur raising additional funds or encourage private expenditures through the program. Almost \$575 million per year has been leveraged.

Also in the U.S., a number of states which have restructured their utilities have implemented increased low income assistance measures as part of that restructuring. In the case of Texas, where electricity competition began in January 2002, the Public Utility Commission of Texas (PUCT) expanded low income assistance programs and protections in anticipation of restructuring:

⁴⁹ LIHEAP Newsletter, February 2002. “New Resources Help with Low Income.” <http://www.ncat.org/liheap/news/01newres.htm>. With a population of 2,065,610 in 2000, Nevada is able to raise a substantial amount of money at a minimal cost to each consumer.

⁵⁰ *ibid.*

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- Retail Electric Providers (REPs) are required to adhere to PUCT rules and regulations regarding assistance to low income consumers.
- In addition to the state-run LITE-UP Texas program, which provides discounted rates to eligible low income customers,⁵¹ REPs must offer Average Payment Plans (balanced or equal billing) and Payment Assistance Funds to provide emergency assistance.
- REPs may also offer Bill Deadline Extensions, and Deferred Payment Plans to make it easier for customers to pay their bills.
- Customers receiving the low income discount cannot be charged late fees.
- If a low income customer fails to pay the electric bill or makes late payments, the REP may terminate the contract but the customer's power is not disconnected.

While this may be seen as a protection, there are criticisms of Texas' policy regarding disconnections. When an REP terminates a customer's contract for non- or late payment of bills, that customer's service is automatically transferred to a "Provider of Last Resort" (POLR), unless the customer can find another REP to provide service. POLR rates are higher than those offered by REPs; they can require cash deposits; and they can disconnect (and refuse to reconnect) electric service.

Many states have instituted shut-off moratoriums, often for the entire winter heating season (or, in states with extreme summer heat, when temperatures rise above a certain level). Some states also extend the moratorium to cases where there is a medical emergency and/or serious medical condition, and/or where the household includes elderly people or infants.

B. Crisis Prevention

The federal Low-Income Heating Energy Assistance Program (LIHEAP) has funded a range of crisis prevention programs in the U.S. since its inception 20 years ago. The two main types of programs are **Basic Energy Assistance** and **Low Income Energy Efficiency and Weatherization**.

Basic Energy Assistance

These programs provide partial assistance with heating and/or cooling costs but are not designed to pay a household's entire energy bills for the entire year. For instance, in South Dakota, the maximum payments for the lowest income households are approximately 70 percent of the entire heating cost for the year. In some states, the

⁵¹ Low income Texans are eligible for LITE-UP Texas if they receive certain benefits from the Department of Human Services, such as Food Stamps, Temporary Assistance to Needy Families (TANF), or Medicaid, or if they are at or below 125% of the federal poverty level. PUCT brochure, "Low-Income Programs and Protections in a Competitive Electric Market."

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maximum payment covers a smaller percentage of annual heating bills. Because of the way LIHEAP funds are distributed, households in some areas receive higher benefits than in others. In many places, households receive help only with their main heating source, or receive help with only one of the energy sources they use.

Benefits are usually targeted based on income, but may also be targeted towards households which include children, or a person who is elderly or disabled.⁵² Assistance is usually determined based on a fixed dollar amount or a fixed percentage of the bill. Many programs include arrears management.

While each state has the flexibility to design its own Heating Energy Assistance Program based on the federal guidelines, most of the assistance delivery programs provide Low Income Rate Assistance including rate discounts, payment plans, and arrears management plans. A description of each follows.

i. *Rate Discounts*

There are three basic types of discount programs:

- discount based on a fixed percent of the bill,
- fixed dollar discounts, or
- discounts that vary with usage.

Rate discounts based on a fixed percent of the bill vary by state and utility company, ranging from 7 to 40 percent. In some states, the discounts apply only during the winter heating season. Under the California Alternative Rates for Energy (CARE) program, eligible low income customers may qualify for a 20 percent discount on electric and natural gas utilities. The program is funded through a rate surcharge paid by all other utility customers. In some states, the tax on energy is waived, thereby waiving a fixed percentage of the bill.

Fixed dollar discounts are usually implemented either by waiving the customer charge for low-income customers, or by providing a fixed credit determined to be adequate by the state. For example, waiving the customer charge results in a \$7.65 savings each month for low income households in Alabama, and \$8.55 for low income consumers in Mississippi.⁵³ In New York, the Consolidated Edison Low Income Rate has frozen the Customer Charge at the pre-1996 level, resulting in savings of \$42.84 US per year.

Some states and utility companies offer percentage discounts based on usage. In some cases, consumers receive a discount on a "lifeline block," defined as the minimum amount of energy deemed necessary to sustain life in today's society. Any usage above that minimum is billed at the regular residential rate. In other cases, the amount of the discount gradually declines as usage amounts increase. This type of discount, based on usage, is intended to promote conservation.

⁵² Oppenheim, *op cit.*

⁵³ Oppenheim, *op cit.*

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In Arizona, the Arizona Public Service and three investor-owned utilities offer percentage discounts based on use. The Arizona Public Service Residential Energy Support Program offers monthly graduated discounts tied to usage, starting at a 30 percent discount for 0-400 kWh, decreasing to 20 percent for 401-800 kWh, and 10 percent for 801-1200. The Medical Care Equipment Program allows for increased kWh in each discount bracket (e.g. 30 percent discount on 0-800 kWh, 10 percent on 1401-2000 kWh) to reflect the higher usage rates incurred by persons who require electrically operated medical equipment. The programs offered by the investor-owned utilities operate on the same principle, but offer slightly different discount rates and allow for less kWh per discount bracket. The Citizens Utilities Company Citizens Assistance Residential Energy Support & Low Income Medical Life Support programs offer a 30 percent discount on 0-300 kWh for Residential Energy Support and on 0-600 kWh for Medical Life Support. The Salt River Project offers a 5 percent discount on 0-1300 kWh for seniors and 0-1800 kWh for Medical Life Support.

In a review of the three types of discount rate programs, Jerrold Oppenheim and Theo MacGregor concluded that

fixed dollar discounts and discounts that vary directly with usage, tend to benefit most those electricity customers with the lowest incomes, to the extent that electricity consumption is correlated with income. Fixed percentage discounts better reach low-income households with high consumption that is not within their control, such as those with electric heat, large families, or exceptionally wasteful landlord-provided appliances.⁵⁴

ii. *Payment Plans*

A number of states and utilities have introduced Percentage of Income Payment Plans, known as PIPP. These plans work to lower the energy burden of low income customers, ensuring that low income customers do not pay more than a set percentage of their income for energy costs. This percentage varies by state and program: it may be set in relation to the average energy burden faced by other residential customers, so that the energy burden of low income customers is no more than twice as much as other customers. Plan administrators may use income levels alone to calculate the percentage, or income and consumption levels together, or simply apply a fixed percentage for all eligible customers.⁵⁵ A 1998 summary of PIPP programs reported payment requirements in a range of 4 to 15 percent of income.

The Public Utility Commission of Ohio's (PUCO) Percentage of Income Payment Plan (PIPP) consists of several programs. Under the Standard PIPP Program, low income

⁵⁴ *ibid.*

⁵⁵ Oppenheim, *op cit.*

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consumers pay 10 percent of their gross monthly household income to the utility company providing their main heating source and 5 percent to the utility providing their secondary heating source (or pay 15 percent to a company that provides both gas and electric). This program is in effect during the heating season, from November 1st to April 15th. Low income customers may also join the PIPP Balanced Payment Plan, which creates an equal billing plan based on winter PIPP payments and summer actual usage. Under the Three Percent PIPP, households at or below 50% of federal poverty level and using electricity as their secondary source of heat can pay three percent instead of five percent towards that utility in the winter heating season only. PUCO also offers an Arrearage Crediting Program, which assists PIPP customers no longer eligible for PIPP to pay off arrears gradually

iii. *Arrears Management Plans*

Arrears management plans normally combine payment plans with some form of arrears forgiveness. Some PIPPs offer an arrears management program, where low income customers with arrears may have a fraction of the arrears forgiven for each month they participate successfully in the PIPP.

Monthly payment amounts may be based on an analysis of income and expenses, or a pre-determined energy burden level (e.g. Clark Public Utilities' Company Guarantee of Service Plan stipulates that a household's monthly payments for energy should not exceed 9 percent of gross income). Often, the arrears plans specify other requirements: eligible customers may have to apply for other forms of energy assistance, and/or participate in education and weatherization programs. The Guarantee of Service Plan also eliminates security deposits for participants, exempts participants from late charges, and rewards reductions in energy use. Other programs waive the reconnection fees.

Low Income Energy Efficiency and Weatherization

These programs educate consumers in methods of energy conservation, and pay for repairs or installation of features which increase energy efficiency. States may allocate up to 15 percent of their basic grant allocation for low-cost residential weatherization or other energy-related home repair. Weatherization programs include attic insulation, energy efficient refrigerators, energy efficient furnaces weather-stripping, caulking, low-flow showerheads, water heater blankets, and door and building envelope repairs which reduce air infiltration. Some states also include heat system retrofit programs.

Canada does not approach the level of Crisis Prevention support offered in the United States. The primary form of Crisis Prevention offered in Ontario is the Share the Warmth program, which provides limited, one-time energy assistance to low income households. Please see the program description in Chapter 4, Local Community Supports.

Locally, Peterborough Green Up offered a Low-Income Weatherization program from 1999 to 2001. The program provided a combination of conservation education and

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energy retrofits, including weatherization and water and energy conserving devices. The program was offered free to eligible individuals; as of November 2001, 300 households were assisted.⁵⁶

C. Transition Assistance

Across Canada, the majority of solutions employed by the federal and provincial governments are limited to government rebates for heating or electricity costs. Several provincial governments including those of Newfoundland and Labrador, Saskatchewan, and Alberta have provided one-time or monthly rebates to assist with rising energy costs. These programs are intended to target lower income households, but they have been criticized for their failure to verify need or to reach households in greatest need.

In Newfoundland and Labrador, the government provided a one-time, \$100 per household heating rebate in 2001. Qualified households included those in receipt of National Child Benefit, Canada Pension Plan, Harmonized Sales Tax Credit, or Social Assistance.

A similar assistance package was made available in Saskatchewan in 2001, where the provincial government chose to complement the January federal heat rebate to GST rebate-eligible households. A one-time rebate of \$25 for individuals and \$50 per families made for a combined federal-provincial rebate of \$150 and \$300, respectively. Social Assistance recipients were also assisted by these rebates, with the added clarification that these funds could not be treated as income by Social Services Departments when calculating welfare allowances.

In Alberta, the rebates have been more substantial and targeted in response to that province's spikes in energy costs. In 2000, an Energy Tax Refund of \$300 per person was delivered in two installments to every resident of Alberta over the age of 16 who filed income tax in the year 1999. The rebate was also tax-free, meaning it was not counted as income towards year 2000 tax returns.

In the year 2001, residents of Alberta received cost-of-energy crisis rebates by way of a monthly credit system for heat and electricity. Natural gas consumers qualified for a monthly \$150 heat credit from January to April for a total of \$600 for the year. This heat energy rebate was also made available to propane and fuel oil users. Electricity users were given a monthly \$40 credit on their accounts, which applied throughout the year, for a total of \$480 per account for 2001.

When combined, the Alberta heat-fuel and electricity rebates contributed over \$1000 towards a household's energy costs. The rebates even extended to include businesses and farms under large subsidy arrangements to prevent economic crises in these sectors. The total cost, province wide, of the 2001 energy rebates in Alberta was over \$500 million. This cost was compensated by increased revenues to the government

⁵⁶ <http://www.greenup.on.ca/backgrnd.htm>

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from the energy industry itself, following dramatic increases in rates over a few short years, set by high demand in a deregulated market.

D. Emergency Assistance

In the United States, LIHEAP includes an emergency component, generally referred to as the Energy Crisis Intervention Program (ECIP). This program provides financial assistance to low income households experiencing an energy crisis, for example, where the household has received a disconnection notice or an eviction notice for non-payment if heat is included in rent, or where a fuel oil provider is cash-on-delivery, or refuses to deliver a partial fill that the consumer can afford.⁵⁷ In some states, such as South Dakota, households are not eligible for both basic heating assistance and ECIP, but in others, low income households may receive help from both programs.

Many communities in Ontario, ranging from large urban centres to small rural populations, have recognized the need for assistance to prevent homelessness or endangerment due to residential utility disconnection. Community organizations and municipalities have developed sources of financial assistance, support and advocacy to assist low income households facing an energy crisis. Many local responses have been developed using various sources of funds, including monies raised locally at the community level or obtained from governments through programs like the federal Supporting Community Partnership Initiatives, Provincial Homelessness Initiative Funds, and the municipal portion of the National Child Benefit Reinvestment Fund.

Many of these programs operate in the same way as our local Emergency Assistance Fund, offering one-time assistance with utility arrears when a household faces disconnection or has been disconnected. The majority of these programs provide this assistance based on the rationale that it prevents homelessness.

In Cambridge and North Dumfries, Cambridge/North Dumfries Hydro and the Ministry of Community and Social Services have entered into a pilot project to provide a heat bank. Cambridge/North Dumfries Hydro contributed \$4000 to fund the heat bank, which is administered by MCSS. The heat bank assists all household types. Applicants must be Cambridge/North Dumfries Hydro customers. Ontario Works recipients are eligible to apply, but must exhaust all other resources and speak to their worker before they apply. The heat bank provides whatever amount is deemed necessary to prevent disconnection. Households can access assistance once only during heating season, and are not required to repay the assistance.

Cost Benefit Analysis of Energy Assistance Programs

It is important to look at the potential benefits and cost-effectiveness of energy assistance directed to low-income households. The Housing Resource Centre has

⁵⁷ www.state.sd.us/social/ENERGY/energy.htm

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estimated the costs involved when a low income family of four is evicted from their home, based on a recent case involving a family facing \$800 in arrears while waiting for Employment Insurance benefits to begin:

Cost of Eviction⁵⁸

One month stay in Family Shelter for 2 adults and 2 children	\$1,600
Community Start Up Benefit from Ontario Works for new housing	\$1,500
Costs to Landlord for eviction process (Tribunal and Sheriff)	\$ 375
Storage of furniture and possessions	\$ 200
Moving Costs	<u>\$ 300</u>
	\$3,975

The figure of \$3,975 may in fact under-estimate the cost of eviction, since the costs of storage and moving may be higher. This figure also does not take into account the cost of vacancy to the landlord. If evicted, the family is likely to face increased shelter costs, particularly if the family is evicted from rent geared to income housing.

Cost to Prevent Eviction **\$800**

In the case outlined above, the Emergency Fund provided \$200 in assistance to the family, and staff assisted the family to apply for and obtain \$600 from other sources. The family was able to maintain their housing, and the Employment Insurance benefits began the following month.

Emergency assistance to prevent homelessness provides benefits to the larger society, beyond the household receiving the assistance. In the Ontario context, the province and communities experience savings in a number of areas, such as:

- Reduced Community Start Up Benefits budget
- Reduced emergency shelter costs
- Reduced turnover and vacancy loss costs for landlords and housing providers
- Reduced costs for tribunals, courts, legal aid, and enforcement officers
- Few children apprehended by child protection agencies
- Reduced criminal activity related to financial pressure
- Reduced instances of domestic violence and substance abuse related to financial crisis and stress
- Reduced migration of rural residents to larger, urban environments to obtain shelter or services

⁵⁸ Figures provided by Rosemary O'Donnell, Housing Resource Centre, Peterborough.

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- Reduced costs to the health care system for health problems related to literal homelessness and the stress of imminent homelessness

In the United States, a number of studies have been conducted to analyse the cost-effectiveness of low income energy assistance and energy efficiency programs. A review of research conducted to identify and quantify the non-energy benefits of low-income payment assistance and efficiency programs found that, in addition to energy savings, they produced benefits including:

- Benefits to the utility and to non-participant ratepayers, including arrears reduction and reduced costs of collection, termination, and reconnection;
- Benefits to taxpayers, including reduced costs of fire and health departments, homeless shelters, and Medicaid funds, as well as increased property values that generate real estate taxes;
- Benefits to low-income families, including less frequent moving costs, fewer utility disconnections, and improved health; and
- The benefits to society of an increase in equity.⁵⁹

The dollar value of these social benefits was assessed as being equal to at least 50 percent of the dollar value of the energy savings that resulted from these programs. The ensuing environmental and economic development benefits attributed to these programs were assessed as equal to a further 25 percent of the energy benefits realized. The savings accrued from decreased energy use, lower social costs, and environmental and economic development benefits combine to create a substantial overall benefit. In Massachusetts, the major electric companies found that the dollar-value of their low-income energy efficiency programs was worth almost triple the cost of the programs.⁶⁰

Following the introduction of an efficiency program in Colorado, arrears decreased by 26 percent, and uncollectibles by 18 percent. The savings in terms of carrying costs for arrears, administrative costs, and uncollectibles can amount to “almost 20 percent of the program costs before any energy or other savings are counted.”⁶¹ Studies in Ohio, Pennsylvania, Kentucky, Massachusetts and New York found that energy assistance programs, including low income efficiency programs and Percentage of Income Payment Plans (PIPPs), resulted in significant decreases in arrears and disconnections, and increases in successful payments:

⁵⁹ Howat and Oppenheim (1999) “Analysis of Low-Income Benefits in Determining Cost-Effectiveness of Energy Efficiency Programs.” National Consumer Law Center.

⁶⁰ *Ibid.*

⁶¹ *ibid.*

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- In Ohio, disconnections decreased by 38 percent and collection actions by 10 percent.
- In Louisville, efficiency and PIPP programs decreased disconnection notices by 39 percent and decreased actual disconnections by 84 percent.
- In Pennsylvania, efficiency programs resulted in an increase in bill payments by up to 38 percent, and PIPPs decreased arrears by 18 percent and cancellation of payment plans by 69 percent.
- Also in Pennsylvania, a PIPP and efficiency program operated by Equitable Gas Company resulted in a drop in missed payments that exceeded 65 percent, and an increase in collections of 26 percent.⁶²

Overall, the American experience has proven over time that low income assistance and efficiency programs “virtually pay for themselves.”⁶³

⁶² Reported in Oppenheim, *op cit.*

⁶³ *ibid.*

Appendix A: Canadian Models by Type

Place	Program	Provides
Emergency Assistance		
Brantford & Brant County	Rent Bank (CMHA)	Operated through CMHA's local Housing Support Program and has its own separate Rent Bank Steering Committee (community based).
Ottawa	Salvation Army Booth Centre Community and Family Services Home Safe Program	Home Safe provides support up and to including financial support families who face eviction from their Rental Homes or are facing disconnection of essential utilities as a result of arrears. This Service was developed to prevent families from turning to shelters for emergency housing and possible family breakup.
Sudbury	Red Cross Crisis Program (Rent Bank)	Funded by the provincial government. Household must be low income, either at risk of disconnection or have been disconnected before, and must have a contingency plan that shows capability of maintaining service in future. Households may receive one-time assistance to a maximum of \$100 paid directly to utility (limits based on high demand and low funding). If household repays assistance, <i>may</i> be eligible again.
Sudbury	Community Emergency Fund	Administered by Social Planning Council of Sudbury, dollars for the fund are raised by events in the community, for the community at large. Anyone is eligible. All other resources must be exhausted. Not a self-referral process, rather clients must be assessed by a human service frontline worker. Once it has been determined that there are no other resources available, the worker may then apply for assistance on behalf of their client
Cambridge and North Dumfries	Heat Bank	Cambridge/North Dumfries Hydro and the Ministry of Community and Social Services have entered into a pilot project to provide a heat bank. Cambridge/North Dumfries Hydro contributed \$4000 to fund the heat bank, which is

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		administered by MCSS. The heat bank assists all household types. Applicants must be Cambridge/North Dumfries Hydro customers. Ontario Works recipients are eligible to apply, but must exhaust all other resources and speak to their worker before they apply. The heat bank provides whatever amount is deemed necessary to prevent disconnection. Households can access assistance once only during heating season, and are not required to repay the assistance.
Aurora	Salvation Army Rent Bank	Rent bank and an one time only, utility assistance through the Salvation Army
Hamilton-Wentworth	Housing Emergency Loan Program (HELP).	Rent Bank program sponsored by Hamilton-Wentworth Housing Help Centre. Interest-free loan available to low income tenants designed for short-term.
Simcoe County	Simcoe County Alliance to End Homelessness Flex funds	. A portion of funds available from this source comes from the Provincial Homelessness Initiative funds that are allocated by the Province to Simcoe County. Additional funds have been made available through the National Child Strategy funds that are realized from the Ontario Works Child Tax Credit clawbacks. In total \$100,00 was allocated in 2001 across Simcoe County. This fund is also used to prevent eviction or to provide start up funds if someone is not eligible for Community Startup funds from Ontario Works. The maximum amount is \$500 per person and can only be accessed once. Often utility arrears exceed this amount and a combination of resources is pooled from Sharing the Warmth (when it is operational), Flex funds and churches such as St. Vincent de Paul.
Durham Region	Durham Rent Arrears Bank	Rent Arrears Bank is a homelessness prevention strategy of the Region of Durham, intended to help qualified Durham residents to stay in their housing when they incur

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	Durham Community Trust Fund	rent arrears for reasons usually beyond their control. The Rent Bank provides an interest-free loan to prevent homelessness. The loan is paid back at a mutually agreed upon schedule. The Community Trust Fund is also a homelessness prevention strategy of the Region of Durham, intended to help qualified Durham residents to maintain their housing when they are unable to pay their utility bills due to some reason beyond their control.
Hastings County	Rent Bank; Community Trust Fund; Emergency Homelessness Prevention Fund	Municipally funded Rent Bank focuses mainly on rent issues but may be accessed for help with utilities. Household cannot be more than 2 months in arrears, must exhaust all other financial assistance first, and may access assistance once per calendar year. The Community Trust Fund, funded by local service clubs and individuals, assists low income people with crisis situations such as utility arrears. The maximum payment is \$300-\$350, available once per year. The Emergency Homelessness Prevention Fund is used only as a last resort.
Sarnia	The Inn of the Good Shepherd	Is a charitable organization/agency funded through PHIF. Household must have utility disconnected, but is flexible when children are involved. One time only assistance of \$100 maximum the agency does not expect repayment.
Crisis Prevention		
Ontario	Share the Warmth	Heating sources covered varies over regions; in some areas electricity, gas, oil & wood are covered, but in others only some energy sources are covered
Newfoundland and Labrador	Weatherization	Not-for-profit 'Conservation Core Eco Teams' will energy test homes for \$100
Newfoundland and Labrador	Heating subsidies for low income housing	There are heating subsidies for low-income housing (city and province run) that range in the \$1000/year range and reduce bills to the basic cost plus taxes – however, people

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		<p>must first get access to public housing (with each application lapsing after 6 months if the applicant does not renew The NLHC has separated rent and heating subsidy systems since the 60s; they are separately funded. Heating subsidies range from \$500-\$1865/year, depending on the size of house and level of exposure of the unit to the elements. 46 rates exist to determine each household's maximum level of assistance; that amount gets applied towards the commodities' cost throughout the year so that the tenant pays a reduced rate, plus the taxes. This is a shortcoming of the system: if commodity rates increase, the subsidy remains fixed and the tenants must find a way to pay the excess.</p>
Sudbury	Social Planning Council of Sudbury National Child Benefit Strategy Fund	<p>Administered by the Social Planning Council. Surplus of national Child Benefit dollars held in trust at the SPC of Sudbury, and disbursed to Ontario Works families with children under 18 within the district. Maximum is \$90 per child per family per year. Phase one consisted of \$100 per child and was completed last fall. Phase Two is about to commence. This is a contract between the Greater City of Sudbury and the SPC of Sudbury</p>
Transitional Assistance		
Alberta	Rebates	<p>In 2000, an Energy Tax Refund of \$300 per person was delivered in two installments to every resident of Alberta over the age of 16 who filed income tax in the year 1999. In the year 2001, residents of Alberta received cost-of-energy crisis rebates by way of a monthly credit system for heat and electricity. Natural gas consumers qualified for a monthly \$150 heat credit from January to April for a total of \$600 for the year. This heat energy rebate was also made available to propane and fuel oil users. Electricity users were given a monthly \$40 credit on their accounts, which applied throughout the year, for a total of</p>

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		\$480 per account for 2001.
Newfoundland and Labrador	Rebate	Provincial home heating rebate in 2001; \$100/household as one-time help (unsure if it will be repeated) for those that receive Child Benefit, Senior Benefit, HST Credit, or Social Assistance
Consumer Protections		
Newfoundland and Labrador	Equal Payment Plan	N.F. Power has an equal payment plan and a Public Utilities Board that takes complaints and mediates situations related to policy (rates, service denial, disconnections, deposits) but is not used as a recourse by people
Hastings County	Vital Services Bylaw	The municipality is reviewing the Vital Services Bylaw, to allow low-income people to maintain their vital services during the winter months, which may have been in jeopardy of being shut off.

Appendix B: American Models by Type

Place	Program	Provides
Consumer Protections		
United States (administered by States)	Low Income Home Energy Assistance Program	Federal block grant funds state administered programs to provide heating and cooling assistance to low income households. Includes Basic Energy Assistance, Crisis Assistance, Weatherization, and Leveraging Incentive programs.
Iowa	Removal of tax	Suspended state's 5 percent sales tax on natural gas, propane and heating oil for February and March, and began to phase out sales tax on energy sources including electricity over a 5 year period (these measures apply to all residents)
Louisiana	Disconnection regulations	Disconnection process now includes ratepayers' bill of rights with a complaint procedure before an impartial administrative law judge; a 3 time waiver of late fees for qualified low income customers, a state of the art weather determination system that precisely determines where human health begins to deteriorate in hot summers – Entergy has agreed to suspend all terminations for non-payment when weather reaches that threshold
New Jersey	Funding for Statewide Heating Assistance and Referral for Energy Services (SHARES)	Received \$1.6 million in unclaimed utility deposits; this amount is equal to 75 percent of the unclaimed utility deposits received from each of the electric and gas utilities in 1998 and 1999. This approach is also used in Arizona, Colorado, and New Hampshire. Also, the public utilities requested a 22 percent rate increase. A percentage of the state income tax paid on the monies generated from the increase will be appropriated to SHARES.

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Crisis Prevention		
Alaska	Heating Assistance Program	Funded through LIHEAP. Grant is given as one lump-sum payment per program year rather than as a monthly amount. Program accepts applications from Oct 1 to April 1, and begins awarding grants on November 1
Arizona	Arizona Public Service Residential Energy Support Program & Medical Care Equipment Program	Monthly graduated discount tied to usage, starting at 30% discount for the 0-400 kWh, decreasing to 20% for 401-800 kWh, and 10% for 801-1200. Medical Care Equipment Program allows for increased kWh in each discount bracket e.g. 30% discount on 0-800 kWh, 10% on 1401-2000 kWh
	Citizens Utilities Company Citizens Assistance Residential Energy Support & Low Income Medical Life Support	Operates on the same basis as the Arizona Public Service programs, but allows for fewer kWh in each discount bracket, e.g. 30% discount on 0-300 kWh for Residential Energy Support and 30% on 0-600 kWh for Medical Life Support
	Salt River Project Low Income Seniors Discount Rate & Medical Life Support Rate	Offers 5% discount on 0-1300 kWh for Seniors and 5% discount on 0-1800 kWh for Medical Life Support
	Tucson Electric Power Residential Lifeline Discount, Residential Lifeline/Senior Discount, Residential Lifeline/Medical Life-Support Discount	Operates on the same basis as the Arizona Public Service programs, with slightly different discounts and fewer kWh allowed per discount bracket: Residential Lifeline offers 25% on 0-300 kWh, 20% on 301-600 kWh, and 15% on 601-1000. Discounts for other programs begin at 35%, and allow for higher usage.
Arkansas	Emergency gas reconnection program	Low income households who agree to repayment plans (of up to 36 months) are reconnected – agreed to by Arkansas Public Service Commission
California	Federal Low Income	LIHEAP & WAP (low-income weatherization) provide home

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	Programs administered by Department of Community Services and Development (CSD)	weatherization services to low-income customers; HEAP (low income home energy assistance) & ECIP (Energy Crisis Intervention Program) provide cash assistance to low-income customers to help them pay their energy bills.
California	California Alternative Rates for Energy (CARE)	Eligible low-income customers of investor-owned electric and natural gas utilities may qualify for a 20% discount on their electricity and natural gas. Low-income eligibility levels set by the California Public Utilities Commission. Mandated by the legislature for all utilities. 1.5 million customers participated in 1997
California	Low-Income Energy Efficiency Program (LIEE)	Provides no-cost weatherization services to low-income households who meet CARE income guidelines. Senior citizens and persons with disabilities qualify if incomes are at or below 200% of federal poverty guidelines. Services include attic insulation, energy efficient refrigerators, energy efficient furnaces, weatherstripping, caulking, low-flow showerheads, water heater blankets, door and building envelope repairs
California	Investor-Owned Utility Programs	PG&E, Southern California Gas, Edison and SDG&E have shareholder-funded energy assistance programs which provide cash assistance to help offset heating and cooling costs
Colorado	Affordable Rate Pilot Project	Customers pay percentage of bill according to their income level; targeted at low income families
United States/ Colorado	FHA Energy Efficient Mortgages Fannie Mae Foundation Colorado Built Green Mortgage	Programs that allow home buyers to qualify for a larger mortgage amount to buy a home that is energy efficient or one that needs energy improvements
Illinois	Moratorium	During state's normal winter moratorium from November 1 through April 1 no shut-offs can occur when outside temperature dropped to 32 degrees F – Peoples Gas has agreed in writing to no shut-offs this winter at all

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Iowa	Weatherization Assistance Program	Funded through US Dept of Energy, LIHEAP, Oil Overcharge funds, Investor-Owned Utilities
Minnesota	Energy Assistance Program (EAP)	LIHEAP funded program for households at or below 50% of the state median income; provides direct payment to energy supplier, crisis help for utility disconnections or necessary fuel deliveries and emergency heating system repair or replacement. Eligibility determined using 3 consecutive months of household's income, compared to 50% of state median income. For single person, limit is \$17,336 US per year; for family of four limit is \$33,339 US per year.
Minnesota	Weatherization Assistance Program (WAP)	US Department of Energy energy conservation program for households at or below 50% of state median income provides energy audits and home weatherization e.g. insulation
Minnesota	Reach Out for Warmth	Program established in 1992 by Minnesota Legislature, funded from corporate and individual donations. Assists households over the EAP limits but at or below 60% of the State Median Income
New Hampshire	New Hampshire Electric Co-op Interim Energy Assistance Program	Provides a 70% discount on the Distribution Charges portion for needy customers who receive specified sources of governmental assistance (e.g. Food Stamps, Old Age Assistance, Temporary Assistance to Needy Families) New Hampshire Public Utilities Commission currently developing a state-wide program
New Jersey	Assistance provided through Universal Service Fund	Fixed bill credits and arrears forgiveness for income eligible households; fixed credit would bring participating households' energy bills down to an affordable percentage of their household income; cost to average residential electric consumer using an average of 500 kWh/month about \$0.31; for average gas heating residential consumer, \$0.37
New York	Consolidated Edison	Low Income Rate freezes Customer Charge at pre-1996

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	<p>Low Income Plan: Low Income Rate; Waiver of Reconnection Fees; Refrigerator Replacement Energy Efficiency Program; Con Edison Energy Share</p>	<p>level, resulting in benefit of \$42.84 US per year. Waiver of Reconnection Fees for: HEAP customers within last 12 months, customers who pay direct or those in receipt of SSI. Refrigerator Replacement for elderly and disabled customers who receive SSI or have received HEAP in last 12 months; Energy Share provides one-time emergency assistance grants up to \$200 for customers who have an Active Disconnect Notice and who qualify for governmental financial assistance and/or HEAP</p>
New York	<p>Niagara Mohawk Power Corporation AffordAbility Program</p> <p>Care and Share Energy Fund</p>	<p>Provides low-income customers not on temporary assistance with a negotiated affordable maximum monthly partial payment, energy use management education, and arrears forgiveness (50% up to a maximum of \$250 per year). Participants may also receive a range of energy efficiency services. Electricity and natural gas</p> <p>Care & Share is a charity funded by contributions from Niagara Mohawk shareholders, employees and the general public, administered by the American Red Cross. May be accessed by households which include a person who is elderly and/or disabled, or is experiencing a medical emergency.</p>
New York	<p>NYSEG Power Partner (Electricity)</p> <p>Gas Affordable Energy Program</p>	<p>Electricity: For customers with income up to 200% of federal poverty level. Offers reduced basic service charge, places unpaid balances on hold, matches dollar-for-dollar any customer payment made toward balance on hold, additional late payment charges not added to unpaid balance. Also offers debt counseling, weatherization, and Family Development Counseling in collaboration with community partners.</p> <p>Gas: Offers reduced basic service charge – participants pay \$6.40 US per month basic service charge compared to \$10.00 - \$14.00 per month for other customers</p>

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Ohio	Public Utility Commission of Ohio Percentage of Income Payment Plan (PIPP)	Consists of several programs: Standard PIPP Program: pay 10% of gross monthly household income to utility company providing your main heating source and 5% to utility providing secondary heating source (or pay 15% to company that provides both gas and electric) – in effect during heating season, from Nov 1-Apr 15; PIPP Balanced Payment Plan (based on winter PIPP payments and summer actual usage); Three Percent PIPP: if household at or below 50% of federal poverty level and uses electricity as secondary source of heat, pay three percent instead of five percent in winter heating season only; and Arrearage Crediting Program: assists PIPP customers no longer eligible for PIPP to pay off arrears gradually
Rhode Island	Reconnection	Rhode Island PUC approved restoring of gas service to households that paid 20 percent of past-due amounts
Texas	LITE-UP Texas	Provides an additional 10 percent discount on electric rates to all qualified low income customers; any households at or below 125 percent of federal poverty level may qualify
Texas	Texas Department of Housing & Community Affairs Payment Assistance	Provides relief to low income elderly and/or disabled households by providing financial assistance, paying up to 4 of the highest bills during the year
Washington	Seattle City Light Rate 27 Program	Offers discount which will reduce utility bills by 50 percent.
Emergency Assistance		
California San Luis Obispo	Economic Opportunity Commission Payment Assistance Plan	Customers eligible once every 2 years to have one billing period paid depending on availability of funds. Customers responsible for late charges and restoration fees.
Georgia	Assistance through Universal Service Fund money	Assist seniors who have had their natural gas service disconnected or threatened disconnection – assistance will be a dollar to dollar matching fund program with no limit on

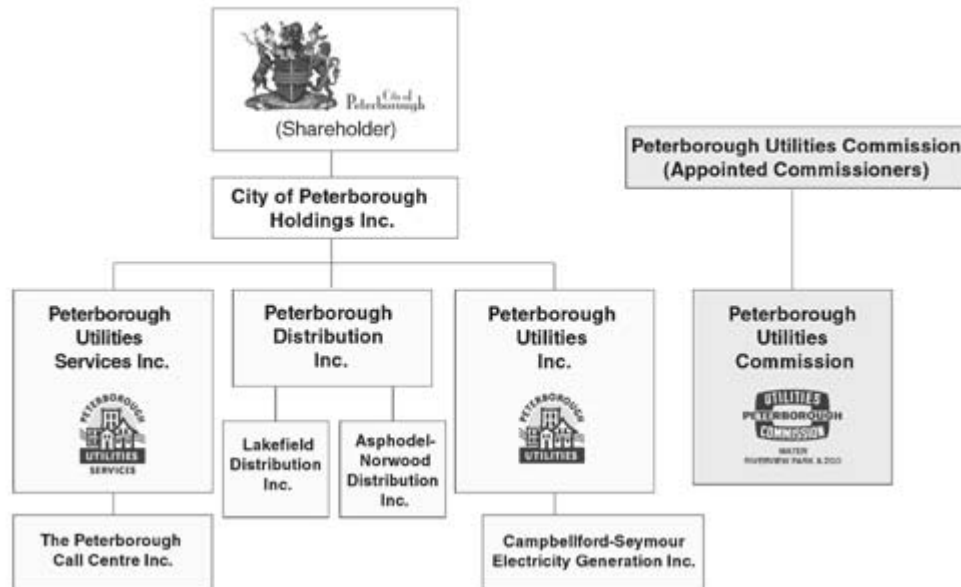
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		the amount a consumer may receive; also, \$50 monthly credit on natural gas bill for low income seniors from November to March
Georgia	Atlanta Gas Light Co.	Low income customers who qualify for LIHEAP do not have to pay reconnection fee; 3 top natural gas marketers do not require overdue balances to be paid before gas is reconnected
Illinois	Nicor Gas Sharing fuel fund	Now available to persons earning 175 – 200 percent of poverty level, has also increased grant amount from \$200 to \$325; fuel fund administered by Salvation Army
Indiana	Citizens Gas Warm Heart Warm Home	Fuel fund provides assistance to low income customers; also company has offered disconnected customers opportunity to have service restored without reconnection fees or deposits if balances are paid by a certain date
Indiana	Vectren Energy Delivery Zero Balance Program; Fall Assistance Program	Zero Balance Program: one-time; Vectren will waive normal reconnection fees and deposits for customers who are currently disconnected and pay the balance on their accounts. Fall Assistance Program: financial assistance to apply to past due account balance
Nevada	Sierra Pacific Power Company Safe Assistance Fund for Energy (SAFE)	Low-income energy assistance program administered on a volunteer basis by community service agencies; bill must be at least 30 days overdue, must be unusual circumstances leading customer to require assistance, maximum amount of \$200 available once annually; program funded through: Sierra Pacific allocation of \$125,000 in shareholder funds to match public donations on a dollar for dollar basis, funds gained from recycling (matched dollar for dollar), interest on SAFE Endowment Fund (matched) and proceeds from fundraisers
Ohio	Public Utility Commission of Ohio Emergency Home	Applies when utilities have been disconnected, have received final disconnection notice, have less than a 10-day supply of bulk fuel.

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	Energy Assistance Plan	
Ohio	Dominion East Ohio pilot payment program	Match dollar for dollar up to \$500 first payment customer makes before specified date if disconnected or threatened with disconnection; customer must pay reconnection fee (up to \$20); enter into payment plan to pay off any remaining arrears over 6 or fewer months

Appendix C: Organizational Chart of Peterborough’s New Utility Companies



(from Peterborough Utilities Services Inc. website, at www.puc.org/files/leads/orgchart.html)