

**MANITOBA HYDRO
BOOK OF DOCUMENTS**

**EXAMINATION OF
ROGER D. COLTON**

TAB 1

A National Study of Ratepayer-Funded Low-Income Energy Programs

By David Carroll, Jacqueline Berger and Roger Colton

Three well-known researchers within the energy assistance community – David Carroll and Jackie Berger of APPRISE and Roger Colton of Fisher Sheehan and Colton – joined forces in late 2006 and early 2007 to conduct a national study of ratepayer-funded low-income energy programs. Their findings were presented during a plenary forum at the 21st Annual National Low Income Energy Conference in Nashville, Tennessee, on June 6, 2007. Below is the executive summary of their report.

Executive Summary

Policymakers throughout the country have implemented low-income affordability and energy efficiency programs to help low-income households meet their energy needs. For 2005, the LIHEAP Clearinghouse identified more than \$2.3 billion in funding through state and local taxes, funds from electric and gas ratepayers, private charitable donations, and other sources. The level of commitment of funds to these programs illustrates the nearly universal understanding that low-income households need assistance in meeting their energy needs.

The purpose of this study is to furnish comprehensive information on ratepayer-funded low-income energy programs. This study includes information on and analysis of the energy needs of low-income households, the legal and regulatory framework supporting ratepayer-funded programs, program design options, and the findings from evaluations of program effectiveness. The study will directly benefit the study sponsors by furnishing information on how they can advocate for and implement new low-income energy programs or make enhancements to existing programs. The study also serves the broader low-income energy community by furnishing a publicly available report on the study findings.

Introduction

This is a multi-sponsor study that was funded by a diverse group of national, state, and local organizations. The study sponsors are:

- AARP
- Citizens Gas & Coke Utility (Indiana Utility Consortium)
- Colorado Governor's Energy Office
- Maryland Department of Human Resources
- Missouri Association for Community Action
- Northern Indiana Public Service Company (Indiana Utility Consortium)
- Oregon Housing and Community Services
- PECO Energy
- Philadelphia Gas Works

However, programs appear to perform differently with respect to their impact on the consistency of bill payment. There are several theories for how bill payment assistance can affect customer payment behavior.

- *Annual Credits* - A lump sum payment, such as LIHEAP, may help the customer to pay off accumulated arrearages and prevent disconnection of service, or may assist the customer to keep current with the coming year's bills, depending on the individual customer's circumstances and the timing of the payment. By making the annual bill more affordable or by paying off the customer's accumulated debt, an annual lump sum assistance payment can improve payment patterns.
- *Rate Discounts or Fixed Credits* – These programs make the overall bill more affordable and thereby are expected to improve customer payment patterns. However, the program does not necessarily make payment requirements more consistent. In fact, some fixed credit programs result in no payment requirement in some months and a high payment requirement in other months.
- *Fixed Payment Plans* - Fixed payment plans require a customer to pay the same amount each month. It is argued that these plans have a greater likelihood of improving payment patterns because they help customers to develop regular payment patterns and increase the total amount of payments that customers make.

The evidence from the review of program evaluations included in this study is that only the equal monthly payment plans improve customer payment patterns. The one program reviewed in this study, the PGW CRP, that had an equal payment plan, is the only one that found improvements in the number of payments made by customers and the amount of cash payments made. Results from two other evaluations (of programs not included in this study) of low-income affordability programs with equal monthly payment plans also found improved payment patterns.

Arrearages

The evaluations found that a significant share of program participants did not pay their full reduced bill after enrolling in the programs. Because many customers come into the program with arrears and some do not meet their full bill payment obligations after enrolling in the affordability programs, arrears would continue to grow on average if arrearage forgiveness was not provided. Program evaluations showed that significant percentages of program participants received arrearage forgiveness, and the amount ranged from \$182 to \$403.

Financial Impact

Evaluations of the affordability programs found reductions in the number of collections actions and in the number of service terminations after customers began participating in the programs. There were also small reductions in collections costs, averaging \$8 to \$16

per customer. Such reductions can help to offset the administrative costs of these programs.

However, the evaluations are generally not able to assess whether programs are cost neutral. To measure cost neutrality, a program would have to measure the net cost of services for customers prior to enrollment (cost minus payments) compared to the net costs after program enrollment. Further, the analysis would require an experimental design where customers in similar situations were randomly assigned to test and control groups. Utility cost-of-service information is generally inadequate to measure true service delivery costs. Additionally, programs that we have researched have not employed an experimental design. Therefore, we have not found any evidence to either support or refute the hypothesis that programs can be cost neutral. However, based on their design, certain programs are unlikely to be cost neutral. Programs that result in large reductions in payments by customers are unlikely to be cost neutral.

Energy Usage

Energy affordability programs reduce the cost of using energy, and therefore program managers are often concerned that they may result in increased energy usage. However, evaluation results show that this does not occur. Program evaluations find small and insignificant increases in energy usage, or sometimes even find declines in energy usage.

The review of energy affordability program evaluations reinforced the perception that program design is critically important. Many program outcomes can be predicted based on the design parameters that are chosen. Program designers should think carefully about their goals and choose the program design parameters that are most likely to meet these goals.

Energy Efficiency Program Design and Implementation

While energy efficiency programs are often mandated through a public utility commission or state legislation, most aspects of program design and delivery are selected by the program administrator. Program design choices have important implications for targeting, energy savings, and cost effectiveness. In this study, we collected information on 13 different low-income energy efficiency programs. These programs are designed to account for local needs and to complement other existing low-income energy efficiency and energy affordability programs. In this section, we identify the dimensions on which program design choices must be made, discuss the advantages and disadvantages of each design choice, and identify the design choices made for the 13 energy efficiency programs that we reviewed.

Funding and Delivery

The largest ratepayer-funded energy efficiency program is the California LIEE. It was funded at over \$130 million in 2006 and delivered services to over 160,000 low-income electric and gas customers. Many of the 13 states in our study have made a significant

TAB 2

Applied Public Policy Research

APPRISE

Institute for Study and Evaluation

Ratepayer Funded Low-Income Energy Programs Performance and Possibilities

2007 NLIIEC

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Needs Assessment

- New Jersey is not California
 - Energy needs vary considerably from state to state, and even within states.
 - You cannot transplant New Jersey’s program, or Wisconsin’s program, or California’s program to your state.
 - You need to document the unique energy needs of your low-income households and design a program around those needs.

TAB 3

Rate affordability assistance in Manitoba should be distributed on a percentage of income basis. Using a percentage of income approach to targeting provides a more efficient use of scarce rate affordability resources. This can be demonstrated by comparing an across-the-board discount to a percentage of income approach. While a percentage of income approach delivers those benefits, but only those benefits, needed to bring low-income bills into an affordable range, an across-the-board discount does not. Using an across-the-board discount, the universal service program would pay some customers *more* than is necessary to bring bills into an affordable range while paying other customers *less* than is necessary to bring bills into an affordable range. Accordingly, it is most appropriate to base the rate affordability component of the Universal Service Program on a percentage of income targeting mechanism.⁶⁵

Although a variety of percentage-of-income based approaches exist, delivery of rate affordability assistance using a fixed credit approach is most appropriate. The fixed credit approach begins as an income-based approach. In order to be eligible for the rate, a household must meet *both* eligibility criteria: (1) that the household income is at or below 125% of the Low-Income Cutoff (LICO) for Manitoba; and (2) that the household energy burden exceeds the burden deemed to be affordable.⁶⁶

The fixed credit approach next calculates what bill credit would need to be provided to the household in order to reduce the household's energy bill to a designated percent of income. To calculate the fixed credit involves three steps: (1) calculating a burden-based payment; (2) calculating an annual bill; and (3) calculating the fixed credit necessary to reduce the annual bill to the burden-based payment. Each step is explained below.

1. **Burden-based payment:** The first step in the fixed credit model is to calculate a burden-based payment. Assume -- simply for the sake of illustration here -- that the household has an annual income of \$8,000 and is required to pay six percent (6%) for its home energy bill. The required household payment is thus \$480. This is determined as follows: $\$8,000 \times 6\% = \480 .

Distinctions in the percentage of income payment are made based upon whether the customer is a heating or non-heating customer. The payment is split evenly between the heating and non-heating component of the utility bill. Under a 6% scenario, a natural gas heating customer would be asked to pay three percent (3%) of the household's income toward her home heating bill, and another three percent (3%) toward her electric bill. An all electric customer would pay six percent (6%) toward her electric bill. Other percentage burdens would be similarly split half-and-half (8% converts to 4% toward each fuel; 10% converts to 5% for each fuel).

The energy burden represented by a combined heating and non-heating energy bill should not generally exceed six percent (6%) of income. It is generally accepted that a household's "shelter burden" (rent/mortgage plus taxes plus utilities) should not exceed

⁶⁵ Two states in the United States have adopted a "tiered discount" program to serve as an alternative to an across-the-board discount (New Hampshire and Indiana).

⁶⁶ A customer may still participate in the arrears management program component even if he or she does not participate in the rate affordability component.

30% of income. In addition, a household's home utility bill should not exceed 20% of the household's shelter costs. Combining those two yields an affordable home energy burden of six percent (6%).⁶⁷ Clearly, however, the reasonableness of an energy burden is a range and not a point. Ultimately, whether an affordable burden should be set as 6% or as 8% (or some other figure) is a policy decision. The percentage of income burden that triggers significant payment-troubles (*e.g.*, service disconnections) appears to be in the range of 10% to 12% of annual income.⁶⁸

2. **Projected annual bill:** The second step is to calculate a projected annual household energy bill. This calculation is to be made using whatever method the local utility *currently* uses to estimate annual bills for other purposes. A utility, for example, will likely have an established procedure for estimating an annual bill for purposes of placing residential customers (low-income or not) on a levelized Budget Billing Plan (where bills are paid in equal installments over 12 months). That same process can be used to estimate an annual bill for purposes of calculating the needed fixed credit.
3. **Fixed credit determination:** The final step is to calculate the necessary fixed credit to bring the annual bill down to the burden-based payment. Given an annual bill projection of \$1,200 and a burden-based payment of \$480, the annual fixed credit would need to be \$720 ($\$1,200 - \$480 = \720). The household's *monthly* fixed credit would be \$60 ($\$720 / 12 = \60).

In addition to various administrative benefits from the use of a fixed credit, the fixed credit also offers the advantage of providing a strong conservation incentive to the low-income customer. Under the fixed credit model, the local utility provides a \$60 fixed credit to the low-income household irrespective of the household's actual bill. If the household increases its consumption, and thus has a higher bill, the household pays the amount of the increase. If, in contrast, the household conserves energy and thus lowers its bill, the household pockets the savings.

The administrative advantages of the fixed credit program are two-fold. First, use of fixed credits as a benefit distribution mechanism allows the program to work within a fixed operating budget. Once a low-income customer is enrolled in the universal service program, the maximum possible financial exposure for the time of the enrollment is established. At no time, can the maximum financial exposure exceed the budgeted program revenues. Systems can be easily designed to track funds that are obligated and expended to ensure that the budget is not exceeded. In contrast, benefit expenditures through either a straight percentage of income program or a percentage of bill program may vary based upon changes in consumption.

In addition to this budgeting advantage, the fixed credit approach makes the billing less complicated as well. Using the same process that currently exists to establish a levelized budget-billing plan, fixed credits can be subtracted from a customer's levelized annual bill.⁶⁹ The

⁶⁷ This report sets aside for the moment the inclusion of water and sewer utility bills in this six percent.

⁶⁸ "Affordability" concerns are triggered at much lower percentage of income burdens. Affordability concerns, involving household budget trade-offs and payment troubles less intense than the loss of service appear to be triggered at the 6% to 8% percentage of income burden levels.

⁶⁹ The fixed credit is, in essence, booked as a "payment" on the account.

TAB 4

Income	Electric heating		Gas Heating		Income #1		Electric Heating		Gas Heating		Participants	
	Avg. Bill	Number	Avg. Bill	Number	Affordable Pct.	Affordable Pct.	Affordable Pct.	Affordable Pct.	Affordable Pct.	Affordable Pct.	Healing	Non-Healing
Income <\$10,000 9.13%	<\$250	219	\$222	4,515	6.0%	\$300	3,900	\$0	\$0	\$150	0	412
	\$251 - \$500	185	\$414	6,084	6.0%	\$300	3,900	\$10,344	\$0	\$150	117	443
	\$501 - \$750	2,137	\$606	2,707	6.0%	\$300	3,900	\$72,797	\$0	\$150	162	738
	\$751 - \$1,000	2,623	\$668	1,814	6.0%	\$300	3,900	\$11,616	\$0	\$150	247	148
	\$1,001 - \$1,250	3,955	\$1,127	3,117	6.0%	\$300	3,900	\$19,652	\$0	\$150	443	100
	\$1,251 - \$1,500	4,770	\$1,375	7,152	6.0%	\$300	3,900	\$56,661	\$0	\$150	285	166
	\$1,501 - \$1,750	4,446	\$1,625	11,696	6.0%	\$300	3,900	\$280,869	\$0	\$150	339	202
	\$1,751 - \$2,000	3,315	\$1,849	10,370	6.0%	\$300	3,900	\$322,673	\$0	\$150	417	301
	\$2,001 - \$2,250	4,770	\$2,128	5,937	6.0%	\$300	3,900	\$281,262	\$0	\$150	305	168
	\$2,251 - \$2,500	4,121	\$2,375	7,152	6.0%	\$300	3,900	\$224,809	\$0	\$150	406	106
	\$2,501 - \$2,750	622	\$2,624	2,081	6.0%	\$300	3,900	\$128,883	\$0	\$150	303	64
	\$2,751 - \$3,000	583	\$2,819	705	6.0%	\$300	3,900	\$193,178	\$0	\$150	205	542
	\$3,001 - \$3,250	564	\$3,111	460	6.0%	\$300	3,900	\$224,809	\$0	\$150	163	208
	\$3,251 - \$3,500	17	\$3,415	362	6.0%	\$300	3,900	\$28,551	\$0	\$150	34	113
	\$3,501 or more	30,111	\$4,668	311	6.0%	\$300	3,900	\$2,811	\$0	\$150	31	25
							\$31,906	\$0	\$150	34	28	
							\$80,720	\$0	\$150	30	1	
							\$1,928,757	\$0	\$150	1,637	3,456	
Income \$10 - \$19,999 19.65%	<\$250	219	\$222	4,515	6.0%	\$300	3,900	\$0	\$0	\$150	0	0
	\$251 - \$500	2,137	\$414	6,084	6.0%	\$300	3,900	\$0	\$0	\$150	0	0
	\$501 - \$750	2,623	\$606	2,707	6.0%	\$300	3,900	\$0	\$0	\$150	0	0
	\$751 - \$1,000	3,955	\$868	1,814	6.0%	\$300	3,900	\$0	\$0	\$150	0	0
	\$1,001 - \$1,250	4,770	\$1,127	3,117	6.0%	\$300	3,900	\$0	\$0	\$150	0	0
	\$1,251 - \$1,500	4,770	\$1,375	2,856	6.0%	\$300	3,900	\$0	\$0	\$150	0	0
	\$1,501 - \$1,750	3,315	\$1,849	10,370	6.0%	\$300	3,900	\$0	\$0	\$150	0	0
	\$1,751 - \$2,000	2,244	\$2,128	5,937	6.0%	\$300	3,900	\$0	\$0	\$150	0	0
	\$2,001 - \$2,250	1,121	\$2,375	3,784	6.0%	\$300	3,900	\$0	\$0	\$150	0	0
	\$2,251 - \$2,500	622	\$2,624	2,081	6.0%	\$300	3,900	\$0	\$0	\$150	0	0
	\$2,501 - \$2,750	583	\$2,819	705	6.0%	\$300	3,900	\$0	\$0	\$150	0	0
	\$2,751 - \$3,000	583	\$3,111	460	6.0%	\$300	3,900	\$0	\$0	\$150	0	0
	\$3,001 - \$3,250	187	\$3,415	362	6.0%	\$300	3,900	\$0	\$0	\$150	0	0
	\$3,251 - \$3,500	37	\$3,788	311	6.0%	\$300	3,900	\$0	\$0	\$150	0	0
	\$3,501 or more	30,111	\$4,668	63,085	6.0%	\$300	3,900	\$0	\$0	\$150	0	0
							\$1,928,757	\$0	\$150	2,728	5,759	
							\$1,678,099	\$0	\$150	0	0	
							\$4,448	\$0	\$150	0	0	
							\$1,246,652	\$0	\$150	0	0	
							\$2,069	\$0	\$150	0	0	
							\$3,346	\$0	\$150	0	0	
							\$11,920	\$0	\$150	0	0	
							\$2,069	\$0	\$150	0	0	
							\$4,448	\$0	\$150	0	0	
							\$3,346	\$0	\$150	0	0	
							\$11,920	\$0	\$150	0	0	
							\$2,069	\$0	\$150	0	0	
							\$4,448	\$0	\$150	0	0	
							\$3,346	\$0	\$150	0	0	
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							\$11,920	\$0	\$150	0	0	
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							\$11,920	\$0	\$150	0	0	
							\$2,069	\$0	\$150	0	0	
							\$4,448	\$0	\$150	0	0	
							\$3,346	\$0	\$150	0	0	
							\$11,920	\$0	\$150	0	0	
							\$2,069	\$0	\$150	0	0	
							\$4,448	\$0	\$150	0	0	
							\$3,346	\$0	\$150	0	0	
							\$11,920	\$0	\$150	0	0	
							\$2,069	\$0	\$150	0	0	
							\$4,448	\$0	\$150	0	0	
							\$3,346	\$0	\$150	0	0	
							\$11,920	\$0	\$150	0	0	
							\$2,069	\$0	\$150	0	0	
							\$4,448	\$0	\$150	0	0	
							\$3,346	\$0	\$150	0	0	
							\$11,920	\$0	\$150	0	0	
							\$2,069	\$0	\$150	0	0	
							\$4,448	\$0	\$150	0	0	
							\$3,346	\$0	\$150	0	0	
							\$11,920	\$0	\$150	0	0	
							\$2,069	\$0	\$150	0	0	
							\$4,448	\$0	\$150	0	0	
							\$3,346	\$0	\$150	0	0	
							\$11,920	\$0	\$150	0	0	
							\$2,069	\$0	\$150	0	0	
							\$4,448	\$0	\$150	0	0	
							\$3,346	\$0	\$150	0	0	
							\$11,920	\$0	\$150	0	0	
							\$2,069	\$0	\$150	0	0	
							\$4,448	\$0	\$150	0	0	
							\$3,346	\$0	\$150	0	0	
							\$11,920	\$0	\$150	0	0	
							\$2,069	\$0	\$150	0	0	
							\$4,448	\$0	\$150	0	0	
							\$3,346	\$0	\$150	0	0	
							\$11,920	\$0	\$150	0	0	
							\$2,069	\$0	\$150	0	0	
							\$4,448	\$0	\$150	0	0	
							\$3,346	\$0	\$150	0	0	
							\$11,920	\$0	\$150	0	0	
							\$2,069	\$0	\$150	0	0	
							\$4,448	\$0	\$150	0	0	
							\$3,346	\$0	\$150	0	0	
							\$11,920	\$0	\$150	0	0	
							\$2,069	\$0	\$150	0	0	
							\$4,448	\$0	\$150	0	0	
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							\$2,069	\$0	\$150	0	0	
							\$4,448	\$0	\$150	0	0	
							\$3,346	\$0	\$150	0	0	
							\$11,920	\$0	\$150	0	0	
							\$2,069	\$0	\$150	0	0	
							\$4,448	\$0	\$150	0	0	
							\$3,346	\$0	\$150	0	0	
							\$11,920	\$0	\$150	0	0	
							\$2,069	\$0	\$150	0	0	
							\$4,448	\$0	\$150	0	0	
							\$3,346	\$0	\$150	0	0	
							\$11,920	\$0	\$150	0	0	
							\$2,069	\$0	\$150	0	0	
							\$4,448	\$				

TAB 5

PUB/RCM/TREE-9. Reference: Exhibit RDC-2 p.53, 55

- a) Please comment on whether an arrears management program such as the one suggested by Mr. Colton that incorporates an element of arrears forgiveness encourage customers to incur arrears, knowing that a percentage will eventually be forgiven.
- b) Please provide support for the assumption that only 12% (30% of 40%) of lower income customers will participate in the arrears management program.
- c) Please give reasons why customers who are eligible for the arrears management program would not avail themselves of it.
- d) If every lower income customer with arrears greater than \$180 participated in the program, please calculate the required program funding.

Response:

(a) No program to date implementing an arrearage management component has reported that a potential arrearage management credit encourages customers to incur arrears knowing that a percentage will ultimately be “forgiven.”

(b) Experience in states adopting low-income affordability programs supports the conclusion that 30% of low-income customers will have arrears and that 40% of eligible customers will participate. A comprehensive library of documents was provided in response to discovery request PUB/RCM/TREE-2.

(c) Use of the term “would not” over-states program barriers. Use of the term “might not” would improve this question. Given that modification, Mr. Colton states as follows: Significant study has been devoted to why households that are eligible for particular public assistance programs do not apply for such assistance. Reasons for nonparticipation have been identified not merely for energy assistance, but also for food assistance, health insurance assistance, and income supplements. Reasons for nonparticipation in programs such as those that provide energy assistance include, but are certainly not limited to, the following:

- Lack of information about program availability;
- Lack of information about how to enroll in program;
- Cumbersome application/enrollment processes;
- Insufficient benefits to make it worthwhile;
- Inaccurate information about level of benefits;
- Misunderstanding of factors that might or might not cause program ineligibility (e.g., having wage income, having assets);
- Lack of trust in enrollment agency;
- Embarrassed by need to apply (program stigma);

- Language problems;
- Mobility problems;
- Do not want help from external entity.

(d) Calculating an answer, however, in the same fashion as was done in Mr. Colton's report, but inserting a participation rate of 100%, yields an arrearage management cost of \$8.928 million.

TAB 6

- The Company estimates that the level of low-income pre-existing arrears is equal to \$900,⁷⁹ which will be reduced by the customer copayment of \$180. The resulting balance is amortized over three years.

The impact of these program characteristics yields an annual arrearage management cost of \$2.7 million (93,000 low-income customers x 40% participation rate x 30% arrearage penetration x annual cost of \$240).

The Cost of the Crisis Intervention

The cost of the crisis intervention program should be set equal to a reasonable percentage of the sum of the rate discount and arrearage management. A crisis intervention program funded at 5% of the costs of these two program components is not unreasonable. The annual cost of the crisis intervention would thus be \$671,000.

The Cost of Program Administration

The cost of program administration is set equal to 10% of total program costs. A 10% administrative cost is a generally accepted costing methodology. At a 10% cost, the annual cost of the administration of the program recommended above would be \$1,400,000.

Total Program Costs

The total cost of the proposed low-income affordability program is \$15.50 million. The derivation of this total cost is set forth in Table 17.

<u>Table 17. Total Costs of Proposed Manitoba Hydro Low-Income Affordability Program (mm\$)</u>	
Rate discount	\$10.8
Arrearage management	\$2.7
Crisis intervention	\$0.67
Administration	\$1.4
Total	\$15.50

⁷⁹ Manitoba Hydro does not have information about the average level of arrears within its low-income population. RCM/TREE/MH-I-48(e), (g).

The Structure of Cost Recovery

The costs of the proposed low-income affordability program are proposed to be recovered through a two-part structure. First, a portion of residential late fee revenue should be devoted to the program. The remainder of the program should be recovered as an addition to the meters charge of each customer class.

The Meters Charge Revenue

A meters charge is structured to obtain a customer class payment from each customer class, while at the same time protecting high use customers within any given class from bearing a disproportionate burden of the program costs. Within the residential class, in particular, significantly more than half of the monthly residential bills rendered in 2009 would have experienced an increase of 2% or less. (RCM/TREE/MH-I-83; RCM/TREE/MH-84).⁸⁰

Table 18. Distribution of Low-Income Affordability Program Costs through Meters Charge (Manitoba)

	Number of Customers	Months In Year	Monthly Meters Charge	Annual Meters Charge	Total Revenue
Residential /a/	466,951	12	\$1.00	\$12.00	\$5,603,412
General Service (small) /a/	52,241	12	\$2.00	\$24.00	\$1,253,784
General Service (small) (51 kV.A and up)	22,774	12	\$15.00	\$180	\$4,099,320
General Service (medium)	3,712	12	\$50.00	\$600	\$2,227,200
General Service (large)	303	12	\$200.00	\$2,400	\$727,200
Total revenue					\$13,910,916
Total program cost					\$15,494,337
Late fee revenue					\$1,583,421

NOTES:

/a/ Includes seasonal customers. While seasonal customers are billed twice a year, monthly revenue is assigned to each account. (RCM/TREE/MH-I-65(a)).

The Late Fee Revenue

To supplement the meters charge revenue proposed above, cost recovery should be paid, in part, from residential late fee revenue collected by Manitoba Hydro. In 2009, Manitoba Hydro billed \$3.8 million in residential late fees. (RCM/TREE/MH-I-43). An average of more than 84,000 residential customers each month were billed a late fee in 2009. (RCM/TREE/MH-I-44). Manitoba Hydro imposes a late fee of 1.25% per month. (RCM/TREE/MH-I-76(a)).

⁸⁰ In fact, however, the rate increases will be much lower. This calculation of a percentage increase does not account for any decreases in normal operating costs caused by the low-income rate.