

## **Bill Assistance Report**

Through Order 116/08, Manitoba Public Utilities Board issued a directive “to propose for Board approval a low-income bill assistance program”. Manitoba Hydro is in the process of reviewing programs and studies throughout North America, assessing their relevance to Manitoba’s situation and the parameters used to both develop and evaluate such programs.

This report will focus on the following:

- I. Key Components of Bill Assistance Programs
- II. Manitoba Hydro’s Existing Bill Assistance Programs
- III. Possible Bill Assistance Program Expansion
- IV. Next Steps

### **I. Key Components of Bill Assistance Programs**

Manitoba Hydro has documented its existing bill assistance initiatives and researched many other bill assistance reports and consultation papers. Based on this research, several key components have been identified for consideration in the development of a Bill Assistance program. They include the following:

1. Arrears Management:
  - Payment arrangements;
  - Bill messaging;
  - Customer communication and interaction;
  - Equal Payment Plan (EPP);
  - Benefit of heat;
  - Reconnection fee deferral;
  - Late payment charges;
  - Alternative payment methods;
  - Security deposits; and
  - Payment locations.
2. Crisis Intervention:
  - Emergency funding; and
  - Assisting vulnerable persons
3. Conservation and Demand Side Management:
  - Inverted Rates; and
  - Low Income Energy Efficiency Program:
    - energy audits and air sealing services;
    - weatherization services;
    - heating and cooling systems; and
    - lighting and appliance upgrades,

4. Rate Affordability: Assessment of the energy burden of a consumer as % of annual income.

The following chart illustrates the potential activities for a Bill Assistance program as well as programs which are currently in effect at Manitoba Hydro. These programs are covered in more detail in Section II.

	<b>Recommendation</b>		<b>Program In Effect</b>
1.	Payment arrangements	✓	Payment arrangements and renegotiation based on customer's ability to pay
2.	Reconnection fees reduced or waived	✓	Reconnection fees deferred (individual basis)
3.	Equal Payment Plan	✓	Equal Payment Plan
4.	Limits on disconnections	✓	Benefit of heat (load limiters used during the heating season on gas and combined gas/electric services) and voluntary weather moratorium for electrically-heated houses and townhouses.
5.	Security deposits waived	✓	Security deposits waived (individual basis)
6.	Late payment charges waived	✓	Late payment charges waived (individual basis)
7.	Alternative billing methods	✓	Not yet due loans
8.	Crisis intervention	✓	Crisis intervention
9.	Modified rate design	✓	Inverted rates
10.	Demand Side Management and customer rebates	✓	Delivery of energy efficiency services (Power Smart, etc); rebates and funding for furnaces and boilers
11.	Rate Discounts, waivers, and cash subsidies		Under review

## II. Manitoba Hydro's Existing Bill Assistance Programs

Manitoba Hydro currently engages in many of the activities seen as key components in Bill Assistance programs. These activities are described below:

### 1. *Payment Arrangements:*

#### **Establishing and Renegotiating Payment Arrangements**

Manitoba Hydro works with the customer to establish a mutually agreed upon payment arrangement that is both manageable for the customer and ensures the customer does not fall further behind on their energy bill. Payment arrangement guidelines encourage flexibility in working around the customer's paydays, child tax benefits, pension income, etc., and allows for changes to the previously agreed upon payment arrangement. Staff is allowed to work within the customer's ability to pay, taking into consideration family circumstances such as unexpected health or economic changes or family emergencies. The customer is asked to call back if the terms of the arrangement need to be altered to accommodate their specific circumstances. The Credit and Recovery Services office is set up to allow walk-in customers to discuss their account in person.

Customers experiencing financial difficulties are also advised of the various social agencies that might be able to help. For example, Neighbours Helping Neighbours, Employment and Income Assistance or Community Financial Counselling Services. Customers are also informed of the Low Income Energy Efficiency Home Program (LIEEHP) and an information package is sent to customers who might qualify for the program.

#### **Broken Payment Arrangements**

If a payment arrangement is broken a notification letter is mailed to the customer. The letter reminds the customer that their payment arrangement has been broken and gives them the opportunity to renegotiate their payment arrangement prior to further collection activity. The 7-Day Final Notice letter is a PUB requirement on residential gas and combined gas/electric accounts.

#### **Bill Messaging and Customer Contact**

Manitoba Hydro attempts to initiate contact with the customer by printing a Friendly Reminder message on their bill when it has fallen into 30-day arrears. The Friendly Reminder bill message does not make reference to disconnection of service, it is simply issued as a prompt for the customer to pay their bill or call. When certain criteria are met, a Social Services message is also printed on the bill along with the inclusion of a bill insert identifying where to obtain financial assistance. The Social Services insert advises that, in the absence of a payment arrangement, their services could be subject to collection activity. The Friendly Reminder bill message and the Social Services message and insert are PUB requirements on residential gas and combined gas/electric accounts.

Without an active payment arrangement at 60 days, the Important Past Due message is printed on the bill. The Important Past Due message advises the customer to pay their arrears or call us to make a payment arrangement by the due date of the bill otherwise their account will be subject to further collection action. The Important Past Due bill message is a PUB requirement on residential gas and combined gas/electric accounts.

If, by the due date, the customer does not pay their arrears or calls to make a payment arrangement, then the account is listed in the electronic work queue (EWQ) the day after the due date. Credit and Recovery Services will attempt to make contact with these customers in order to establish a payment arrangement.

Without an active payment arrangement at 90 days, the Urgent Notice of Disconnection message is printed on the bill. The Urgent Notice of Disconnection advises the customer that their service is subject to collection activity. Customers are listed in the EWQ and are called by staff in Credit and Recovery Services in an attempt to make contact and establish a payment arrangement.

Manitoba Hydro believes the sooner we establish contact with the customer, the easier it will be for the customer to budget for, and resolve, their account. Manitoba Hydro will only disconnect service as an absolute last resort and requires that customer contact must be made prior to disconnection of services.

The customer contact requirement is satisfied when the account is discussed with the customer over the phone or in person or when a hand-delivered disconnection or load limiter notice is delivered to the residence. The account is updated with a customer contact code which expires after 60 days. If an active code is not present a disconnection service order will not be generated regardless of the delinquency status of the account.

If contact can not be made with the customer by phone then the Hand Delivered Disconnection/Load Limiting Notice will be issued and delivered to the property. This notice advises the customer that unless payment or payment arrangements are made their services will be subject to collection activity.

Tenancy confirmation is sought from the landlord if there is reason to believe the property might be vacant.

## **2. *Reconnection Fees:***

Prior to reconnection of gas or electric services the reconnection fee is outstanding and due. Manitoba Hydro may defer payment of the reconnection fee to the customer's next bill through a payment arrangement plan.

3. ***Equal Payment Plan:***

The Equal Payment Plan (EPP) is a useful budgetary tool for customers. The budget amount is based on the average historical consumption for the property. Energy costs are projected for the year and divided into 12 equal monthly installments. Late payment charges are not assessed while the customer is on EPP and remains current on their EPP monthly payments.

4. ***Limits on Disconnections:***

**Benefit of Heat**

During the heating season, from October 1 to May 14, residential gas and combined gas/electric accounts are not disconnected. If during this time, the account becomes delinquent, Manitoba Hydro may install a load limiter on the electric service which limits the capacity of the service to 15 amps. This limitation allows enough electrical energy for the furnace fan to run and thereby continues to provide the customer with the benefit of heat, as the natural gas service remains connected throughout the period. If the electrical service capacity is exceeded the load limiter will 'trip' and must be reset by the customer.

Manitoba Hydro implements a self-imposed, weather-dependent moratorium for electrically heated houses and townhouses.

5. ***Security Deposits:***

Manitoba Hydro's credit guarantee policy only applies to residential tenants as this customer segment represents the greatest risk of payment avoidance. The focus of the credit guarantee policy is to obtain complete customer information. The policy does not apply to new customers with no credit history. For example, a person moving out of their parental home for the first time would not have had the opportunity to establish a credit history.

If the customer is deemed a credit risk due to a poor credit history, they are asked for complete customer information plus a credit guarantee alternative, such as signing up for our Pre-Authorized Payment Plan, confirmation by driver's license or other photo identification, credit guarantee letter from their financial institution, credit card information or a credit worthy third-party co-signer. If the credit risk customer does not provide complete customer information plus one of the credit guarantee alternatives, then a monetary security deposit is charged. The security deposit is refunded to the customer after 12 months of good payment history. Interest is paid annually.

6. ***Late Payment Charges:***

Manitoba Hydro charges 1.25% per month (16.08% per annum) on outstanding balances of \$10.00 or greater in 30-day arrears or greater. This charge is applied automatically to all customers, however, it may be adjusted, reduced or waived in special situations as a component of arrears payment arrangements.

7. *Alternative Payment Methods:*

**Alternative Payment Methods/Not Yet Due Loans**

The 'Not Yet Due' function allows Manitoba Hydro to hold outstanding arrears in a separate area of the customer's account and exclude this amount from accumulating late payment charges. Each month an agreed upon amount is moved from the 'Not Yet Due' area into the customer's current charges. This allows Manitoba Hydro to work within the customer's financial ability to pay.

**Payment Options**

Customers can pay their accounts online, via telephone banking, in person at their financial institution, directly to Manitoba Hydro, or at over 100 external payment agencies across Manitoba.

8. *Crisis Intervention:*

**Emergency Funding**

Manitoba Hydro's Neighbours Helping Neighbours program assesses the customer's situation and refers the customer to additional community agencies as required. The program provides one-time emergency energy assistance up to a maximum of \$300, to individuals, families and seniors who are unable to pay their energy bill due to personal hardship or crisis. The purpose of the grant is to halt the disconnection while connecting the customer to the appropriate social support program. Neighbours Helping Neighbours is administered through the Salvation Army. Funding comes from private and corporate donations with Manitoba Hydro matching all donations dollar-for-dollar.

**Vulnerable Persons**

In addition to working with customers who are experiencing financial difficulties, Manitoba Hydro also identifies and seeks additional help for vulnerable persons (seniors, persons with a mental or physical disability). The following are some examples of how Manitoba Hydro has worked with vulnerable persons in our community along with a list of agencies:

- Manitoba Hydro's customer contact process found a senior living alone and suffering from mental health problems. An initial assessment indicated this person was in need of additional support. Manitoba Hydro referred the case to the Provincial Health Inspector who was able to obtain an Order of Committee through the Geriatric Program Assessment Team (GPAT). The Public Trustee is now looking after the person and ensuring his safety, enabling him to remain in his home.
- Manitoba Hydro's customer contact process found a single mother living alone dealing with the death of a spouse. Through a discussion with one of

our credit representatives, the customer was referred to Neighbours Helping Neighbours for immediate financial assistance and to Employment and Income Assistance for additional long term support.

- Manitoba Hydro's customer contact process found a senior living alone. Due to a language barrier communication was limited. The case was referred to the Senior Resource Team at Health Action Centre who have been visiting her and providing service in her language. The Senior Resource Team has also referred the case to GPAT for further assessment.

The following provides a list of community agencies that Manitoba Hydro regularly consults:

- Home Care, Geriatric Program Assessment Team
- Family Services & Housing
- The Seniors Resource Team at Health Action Centre
- City and Provincial Environmental Health Inspectors
- City of Winnipeg Community Services Social Workers
- Neighbours Helping Neighbours
- Provincial Employment and Income Assistance

**9. *Modified Rate Design:***

**Inverted Rates**

Inverted rates promote energy conservation by charging a lower rate for electric consumption below 900 kW.h and a higher rate for consumption above 900 kW.h.

**10. *Customer Rebates and Demand Side Management:***

**Lower Income Energy Efficiency Program**

Manitoba Hydro's Lower Income Energy Efficiency Program (LIEEP) was launched in December 2007. This program is designed to bring Power Smart and energy efficient measures to lower income households.

The program takes a comprehensive and broad-based approach to achieving energy savings and assisting lower income consumers by leveraging Power Smart programs, the Affordable Energy Fund, the federal ecoENERGY program, provincial government programs and existing community-based infrastructures for the benefit of lower income consumers. The program encourages conservation as well as incorporates the installation energy efficiency measures to reduce consumption.

Targeted energy efficiency measures are as follows:

- low- and no-cost basic energy efficiency measures such as compact fluorescent lights, faucet aerators, low-flow showerhead, pipe wrap, hot water tank set back, caulking/air sealing;
- basement, attic, wall cavity and crawlspace insulation; and
- High-efficiency natural gas furnaces.

Manitoba Hydro delivers the program through a community-based approach and through individual participation. Both approaches require pre- and post-audits which serve to identify energy efficiency opportunities and verify the completion of work.

a) Community-Based Approach

The community-based approach is modeled after the Centennial and Brandon Pilot Low-Income Projects, and leverages existing municipal or provincial government infrastructures and community agencies, organizations and/or special interest groups. This approach involves a community organization developing a Community Energy Efficiency Business Plan and managing the program in their community. With this approach, customer contact will be primarily through the Community organization.

b) Individual Approach

For eligible individuals who are outside a community in which a community organization is operating, Manitoba Hydro will work directly with the eligible lower income customers to manage the retrofit work required. Manitoba Hydro will contract the work to specific contractors in order to simplify the process for the customer.

**Program Incentives**

It is expected that incentives through Manitoba Hydro and the Federal Government, in most cases, may cover the cost of the low-cost basic energy efficiency measures and insulation.

Funding for replacement of standard natural gas furnaces and boilers with the installation of high efficient heating systems for lower income owner-occupied residences is as follows:

- provide installed furnaces at a cost to the customer of \$19 per month for 5 years (\$1140), this includes the cost of in-home infrastructure upgrades in order to convert from a standard efficiency natural gas furnace to a high efficiency natural gas furnace; and
- rebates to \$2500 for natural gas boilers.



### **III. Possible Bill Assistance Program Expansion**

Bill Assistance programs are complex. Every jurisdiction is different with varying factors affecting program feasibility. Program expansion could take several forms - each with their own implications. Examples of these could be waived charges and fees, a subsidy to those deemed eligible, differential rates and/or a yearly rebate. These will all need to be researched to determine which potential alternative, if any, best suits the current environment.

While most of the activities of a comprehensive Bill Assistance program are already taking place as illustrated in the previous section, Manitoba Hydro will be investigating the viability of potential program expansion. Things such as government policy, economic situation and energy costs are just a few factors that need to be examined within the context of any program.

Many variables have been noted as key considerations and may include the following:

- **Determining Program Eligibility:**

There are several different eligibility criteria that have been proposed for use in Bill Assistance programs. For example, eligibility could be based on a pre-determined income level adjusted by number of persons or bedrooms in the home. This would be similar to the current eligibility criteria used for Manitoba Hydro's existing Lower Income program which is based on Statistics Canada income level. In some programs eligibility has been based on customers Energy Burden. In these instances the criteria is not just income but how much of overall income goes toward energy bills, i.e. if utility bills make up more than a prescribed % of overall income the customer would qualify. Eligibility could also be determined based on participating in certain social programs. Research into each option and its effects will be necessary to determine the best fit to complement current Bill Assistance initiatives.

Once eligibility has been determined mandatory enrolment into certain energy conservation programs such as the Lower Income program may be required.

- **Determining Program Costs:**

In order to quantify the cost of a Bill Assistance program expansion there are many activities to which time and cost would need to be identified. The initial cost of program development and implementation, as well as on-going costs for administration, reporting and analysis, will need to be investigated and estimated.

- **Determining and Quantifying Program Benefits:**

In order to determine net program cost it is necessary to quantify the potential financial benefits arising to Manitoba Hydro from Bill Assistance program expansion. These benefits could include reduced accounts receivable, write-offs

and disconnections. In addition there could be a reduction in both administration and customer care costs. The quantifying of these benefits in a meaningful manner is key in determining overall program cost. In addition, these quantified benefits can then be used as benchmarks in determining program success.

- Determination of Program Funding:

There are several ways a program could be funded. It could be rate payer-based or it could seek funding through government grants and/or charitable donations. If donations were to be part of the funding it would need to be determined if there would be any ramifications to the existing program such as Neighbours Helping Neighbours. All facets associated with program funding will need to be researched to ensure it is effective and sustainable.

- Determining Program Costs Allocation:

In researching any program it is necessary to determine the overall cost of the program and determine the best way to allocate those costs. As well, consideration will need to be given as to participation in broker contracts and the method of rate or bill discounts and what the implication might be.

- Gauging Customer Feedback:

How customers react to an expanded Bill Assistance program will need to be considered. Given the social nature of this program there may be customer reaction to funding such a program through rates and an appropriate communication plan will be required.

- Determining Who Will Administer and Implement the Program:

There are several stakeholders involved in the administration and implementation of the program. These could include Manitoba Hydro, community groups, social agencies or government. In order to guarantee the success of the program these stakeholders will need to work together. Knowledgeable integration with existing social welfare programs will help ensure certain customers are being dealt with holistically and that abuse of the system can be avoided. A clear plan would need to be developed to determine individual program responsibility.

- Determining How the Program will be Evaluated:

As with any program - if you don't know what you are measuring, how can you determine success? Research will need to be undertaken to determine how program success would be defined and then the metrics around measurement and evaluation.

#### **IV. Conclusion and Next Steps**

Based on preliminary research on Bill Assistance programming it has been determined Manitoba Hydro currently engages in many of the activities seen as key components of such a program. If Manitoba Hydro was to expand their existing program there are several factors, as noted in Section III, which will affect the design of the program and the utility's ability to implement such a program. These issues are complex and far reaching.

Over the next several months, Manitoba Hydro will look at all options for some form of bill assistance and may consider enhancements to the Neighbours Helping Neighbours Program. As there are several stakeholders involved in this process consultation will take place in order to ensure all the issues have been identified and potential implications have been broadly discussed. Manitoba Hydro will meet with these stakeholders in the next months to ensure all these avenues have been investigated. Following these consultations a recommendation will be put forward to Manitoba Hydro's Board illustrating options, implications and a process on how, and if, to move forward.