Innovations in Low-Income Customer Assistance Plans

Utility-agency collaborations & the Michigan Energy Assistance Program (MEAP)

NEUAC | Fort Lauderdale
June 26, 2017
Agenda

• Introductions
• DTE Energy Low-Income Self-Sufficiency Plan
• Consumers Energy CARE Program
• The Salvation Army
• Michigan Agency for Energy
• Q & A
MEAP Program

• Purpose of MEAP is to establish and administer programs statewide that provide energy assistance which must include services that will enable participants to become or move toward becoming self-sufficient including:
  • Paying their energy bills on time
  • Assisting participants in budgeting for and contributing to their ability to provide for energy expenses
  • Assisting participants in utilizing energy services to optimize on energy efficiency
MEAP Program

• There are 14 grantees, each running a unique program with various facets
• Some offer purely one-time true crisis assistance
• Others offer only enrollment into an ongoing affordable payment plan
• Several statewide grantees offer both—one-time assistance and/or an enrollment into an ongoing payment plan
For Board decks, include a separator page in your presentation to differentiate between essential and reference-only content for Board members.

- Headquarters located in Detroit, MI
- Electric Utility – 2.2M Customers
- Gas Utility – 1.2M Customers
- Regulated by the Michigan Public Service Commission (MPSC)
- Non-Utility Businesses: Gas Storage & Pipeline, Power & Industrial Projects, Energy Trading
The Low Income Self-Sufficiency program (LSP) was established to protect and support our most vulnerable customers.

LSP Key Attributes

- Offers an affordable fixed monthly payment option
- Arrears forgiveness as an incentive for regular payments
- Provides a pathway to self-sufficiency
- Reduces the customer disconnect cycle and utility costs
- Respectful model to assist and change customer behavior

Customer pays a fixed monthly amount based on their income

- $95 per month for income <110% FPL
- $130 per month for income 110% - 150% FPL

A portion of arrears are reduced each quarter as customers successfully remain on the plan

- 1/16 of pre-program arrears reduced every quarter

Payment calculation example

<table>
<thead>
<tr>
<th></th>
<th>Yearly</th>
<th>Monthly</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy bill in last 12 months</td>
<td>$2,400</td>
<td>$200</td>
</tr>
<tr>
<td>Customer's target payment</td>
<td>$1,560</td>
<td>$130</td>
</tr>
<tr>
<td>LSP program funded portion</td>
<td>$840</td>
<td>$70</td>
</tr>
</tbody>
</table>
LSP has demonstrated success in providing assistance to our most vulnerable customers

Service Disconnection Rate

- Other Programs: 55%
- LSP Program Avg.: 2%
- Improvement: 53%

Success Rate

- Other Programs: 8%
- LSP Program Avg.: 82%
- Improvement: 72%

2016 Success Metrics

- Of the 35,000 customers that enrolled in 2016, over 29,000 customers (84%) successfully stayed on the program.
- Less than 1% of our 35,000 LSP customers experienced a service disconnect (54% improvement).
- The LSP program continues to have higher customer satisfaction than other programs (23% improvement).
- Over 20,000 (57%) customers returned for the 2017 program.
DTE has worked closely with community agencies to find additional innovative solutions to better serve our low income population.

**Program Structure Modifications**
- Partnered with Salvation Army to implement affordable payment plans
- Structured similar to our original LSP program but with an upfront arrears reduction payment and then a shorter timeframe for the remainder of arrears forgiveness
  - 1 year arrears forgiveness in FY16
  - 2 year arrears forgiveness in FY17

**Self-Sufficiency**
- Partners include Salvation Army, United Way, MCA, THAW & True North
- Care coordination provides a critical pathway for success
- Customers participate in programs utilizing a triage approach to customize a self-sufficiency plan based on customer need (budgeting, education, job training, transportation needs, etc.)

**Energy Optimization**
- Home energy consultations (HEC) for energy efficiency evaluation, education, and weatherization
- Energy Efficiency Assistance (EEA) which provides more extensive services including furnace tune-ups and in some cases furnace replacements
- Over $6.0M EO dollars spent on 15,000+ LSP APP customers over the last four years (all customers on the programs receive educational and referral material)
The LSP program is making a difference in people’s lives

“This program was a blessing to my family and I”
– Trisica, Detroit

“I can’t tell you how appreciative we are of this low income self-sufficiency plan. I really made the difference in just thousands of lives”
– Local Community Leader

“It’s not always been like this…reflects a change; a change in thinking, a change in sensitivity, a change in programs, and a change in policy”
– Local Faith Based Leader

“I am part of the DTE fan club! They really care about people. Somehow, they knew I wanted to pay my bills but that I was struggling. The LSP program gives me the chance to make regular, consistent payments that I can budget for.”
– Carol, Clinton Township

“Instead of getting shut off notices, I am paying my bills and feeling really good!”
– Leslie, Detroit
Challenges and Next Steps

• Streamline the validation process to improve the customer experience and reduce the administrative burdens

• Develop a screening mechanism to ensure the right fit for customers (one-time assistance vs affordable payment plan enrollment)

• Perform a comprehensive analysis to develop the next iteration of programs to sustain and build upon the successes
Revenue Management & Protection

John Hill

- Manager of Customer Advocacy Strategy/ Low Income Programs
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  - john.f.hill@dteenergy.com
Consumers Energy

- Michigan’s largest utility
- Principal subsidiary of CMS Energy (NYSE: CMS)
- Founded in 1886 and headquartered in Jackson, MI
- Provides natural gas and electricity to 6.7 million of Michigan’s 10 million residents
- Serves all 68 of the state’s Lower Peninsula counties
- Regulated by the Michigan Public Service Commission (MPSC)
Poverty & Business Impact

Michigan Families Continue to Struggle

1 in 6 (15.8%) Michiganders and more than 1 in 5 (22.4%) Michigan children lived below the poverty threshold* in 2015.

- 485,920 children
- 19% of families with children
- 19% of families with children under age 5

Full-Time, Year-Round Workers Living in Poverty

- 91,569

*The poverty threshold is $24,257 a year for a family of four and $18,071 for a family of three.


What does poverty mean for Consumers Energy?

- 1 in 6 live in poverty
- 19% of families with children

- We serve 8 of the 10 highest poverty counties in Michigan
- 400,000 (15% residential base) are “income-qualified” (150% FPL or less)
- 130,000 enroll in income-qualified payment arrangements / protection plans
- 200,000 households receive some form of bill assistance annually
- Of these, 25,000 (14%) seniors and critical care
  - Roughly 30% repeat year on year

400,000 Consumers Energy customers live in poverty.
Distribution of Poverty

Consumers Energy Residential Customers

Highest Percentage and Concentrations of Low Income Populations below Federal Poverty

<table>
<thead>
<tr>
<th>County</th>
<th>Percentage</th>
<th>Customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Isabella</td>
<td>26.7%</td>
<td>5,868</td>
</tr>
<tr>
<td>Roscommon</td>
<td>22.6%</td>
<td>5,195</td>
</tr>
<tr>
<td>Clare</td>
<td>22.1%</td>
<td>4,693</td>
</tr>
<tr>
<td>Lake</td>
<td>23.4%</td>
<td>623</td>
</tr>
<tr>
<td>Mecosta</td>
<td>20.9%</td>
<td>3,008</td>
</tr>
<tr>
<td>Lake</td>
<td>23.4%</td>
<td>623</td>
</tr>
<tr>
<td>Wayne</td>
<td>24.2%</td>
<td>23,781</td>
</tr>
<tr>
<td>Oakland</td>
<td>41,668 customers</td>
<td></td>
</tr>
<tr>
<td>Genesee</td>
<td>44,739 customers</td>
<td></td>
</tr>
<tr>
<td>Kalamazoo</td>
<td>20,564 customers</td>
<td></td>
</tr>
<tr>
<td>Ingham</td>
<td>18,253 customers</td>
<td></td>
</tr>
<tr>
<td>Wayne</td>
<td>24.2%</td>
<td>23,781</td>
</tr>
</tbody>
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Consumers Energy serves 8 of the 10 most impoverished Michigan counties.
Call 2-1-1. United Way’s Get Help line – the connector

**State-managed programs:**
- Home Heating Credit (Treasury) - shut-off not required
- State Emergency Relief (DHS) - past-due notice
- Federal and State Earned Income Credits (EITC)

**Other-agency programs (MEAP):** THAW, Salvation Army, Community Action, CARE and others with state grants

**Company Programs:**
- Shut-Off Protection: Seniors (65+), Winter Protection Plan, Shut-Off Protection Plan, Third-party Notification, Medical Emergency Protection, Active Military Duty
- Rate discounts: Seniors & Income-Qualified
- Income-Qualified Weatherization: Helping Neighbors
- Special programs: PeopleCare, Gatekeeper, Homeless Shelter Discount Program

Caring for the Michigan Communities we serve. That’s Our Promise to Michigan.
Collaborative enrollment model
Statewide service territory
Meaningful assistance

Since 2013 – currently in our 4th program year.
Funded by State of Michigan grant.
Eligibility: 150% FPL, no theft/fraud, past due balance, single metered.

Summary of Provisions:
• 30-50% CARE credit on monthly energy charges
• Arrearage forgiveness as reward for consistent pay
• Free in-home weatherization through Helping Neighbors (priority gas and combo customers)
• Assistance agency to support energy account management and other self-sufficiency services

Learn more at: ConsumersEnergy.com/care

October 2016 – September 2017
16,000 customer enrollments

In collaboration with:

Bridging Energy Assistance w/ Energy Efficiency & Making energy more affordable.
Where we’ve come – Successes

- Provides long term, proactive assistance before crisis
- Leverages customer accountability, goal setting, and partnership
- Growth from 12K to 21,000 customer program
- At least 10% of participants each year also receive energy efficiency
- Wide-scale company awareness, interest, & employee engagement

CARE demonstrates highly effective assistance delivery:

<table>
<thead>
<tr>
<th>CARE Performance (Oct 2013-Jun 2017)</th>
<th>4-year average</th>
<th>Similar customers on IQ-payment plans</th>
</tr>
</thead>
<tbody>
<tr>
<td>Success rates</td>
<td>84%</td>
<td>3-5%</td>
</tr>
<tr>
<td>Disconnection rates</td>
<td>&lt;5%</td>
<td>22%</td>
</tr>
</tbody>
</table>
Where we’ve come – Challenges & Opportunities

- Not appropriate to all customers
- Complex intake processes and revalidation requirements
- Competition in the “marketplace” of options
- Competition with agency partners for grants
- Administratively tedious:
  - Managing program to budget
  - Compliance
  - Reporting
- Uncertainty of future funding – LIHEAP
- Integration with new modes of customer communication
- Integration with new metering technology

Income-Qualified Customers 400,000

CARE @ 16,000 = 8% assisted households

Energy Assistance @ 200,000 households = 50% of total need
Measuring Success

“Energy self-sufficiency” is the goal.

Measuring the success of pilot participants:
- Reduce disconnects
- Increase on-time monthly payments
- Reduce requests for other energy assistance
- Reduce usage (especially for participants in-home weatherization services)
- Increase customer satisfaction

From Poverty to Possibility.

CARE Program Supports Usage & Financial Awareness

Q.19 Has participating in the CARE Program made you more aware of how your energy usage habits impact your monthly bill? 92%

Q.20 Compared to one year ago, would you say your household’s financial situation is...
- Much better: 7%
- Somewhat better: 23%
- About the same: 41%
- Somewhat worse: 23%
- Much worse: 6%

71%
Q.21 Did your participation in the CARE Program help you identify ways to manage your household’s budget?

77% of CARE participants say the program helped them manage their current budget.
CARE Program Helps Manage Future Energy Bills

Q.22 After graduating from the CARE Program with your past balance fully resolved, how manageable do you think your future energy bills will be for your household? Do you think they will be . . .

54% of CARE participants feel future energy bills will be “manageable” going forward
Hello,

My name is [redacted].

I want to say "Thank you so much," for allowing me to be on your program. Getting $600 a month from my disability is extremely hard to live off of. Yes, I do get food stamps and go to food trucks, but it is not enough for my family. Now, being on your program, I can get a little more groceries, and I am very grateful for this. Life is so hard and you have made it a little easier for us.

Thank you so much for the extra help you have given us. My family thanks you and my dog and cats thank you!

God Bless you!

Consumers Energy Angels,

I just can't say enough... Thank You.

[Signature]

“Now, being on your program, I can get a little more groceries, and I am very grateful for this. Life is so hard and you have made it easier for us.”
"We feel that we should be able to manage in the upcoming year, and this will allow another family to benefit."
“A vision should be judged by the clarity of its values, not the clarity of its implementation path.”

- Donella Meadows
THANK YOU!

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VISIT US ONLINE AT:
ConsumersEnergy.com/assistance
THE SALVATION ARMY & AFFORDABLE PAYMENT PLANS

Darcy Cunningham
Director of Energy Assistance Services,
The Salvation Army Michigan
About The Salvation Army
The Salvation Army & Affordable Payment Plans

- Participated in enrollments on behalf of Consumers Energy (CARE) and DTE Energy (LSP) starting in FY 14
- Piloted Affordable Payment Plan for DTE Energy customers from Salvation Army’s MEAP grant FY 16
- Piloted Affordable Payment Plan for Consumers Energy customers from Salvation Army’s MEAP grant FY 17
Program Details

• How programs work
• Average assistance per customer on REACH or RISE
• Average assistance per customer receiving one time payment assistance
• Average success rate for program year
• Demographics of customers successful on Affordable Payment Plan
Successes

• Menu of programs to offer to customers
• Customers are able to have a lower energy burden over a period of time
• Strong partnerships with energy companies
Challenges

• Administrative burden is high
• Pilot – many details to work through
• “Selling” the program to customers who are used to receiving one-time assistance
• No safety net for customers that are kicked off program
Next Steps

• Planning for next year
• Analysis of customers that are successful on program
• Analysis of mechanics of program
• Analysis of outreach efforts
Contact

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Affordable Payment Plan
Reporting, Monitoring, and Evaluation

Jamie Curtis – Michigan Agency for Energy
MEAP Reporting

- Tracking metrics during quarterly reports
  - Qualitative and quantitative
- Average payment amount (assistance)
- Average customer payment amount while on plan?
- Number of households receiving some form of financial education
- Number of households receiving some form of energy education
- Number of households receiving weatherization services
- Number of households with a qualifying TANF member
MEAP Monitoring

• Ensuring household eligibility
• Verifying expenditures for administrative and program spending
• Monitoring the self-sufficiency services offered
• Verifying payments do not exceed cap assistance amount for household
• Reconciliation between energy supplier invoices, customer accounts, and agency payment records
MEAP Evaluation

- Still working on evaluation
- Payment patterns
- Demographics of successful participants
- Success metrics
Looking Ahead

- Clarify outcomes
- Solidify screening mechanism to ensure best fit for those entering payment plans
- Streamline application process
- “Graduation” process
- Review programs in other states for best practices
Contact Information

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(517)284-8182
Questions?