

Energy Democracy Alliance

“We need real solutions, not band-aids” A Summary of the Public Response to the Low Income Proceeding

Overview

In 2014, almost 300,000 households in New York had their energy utility service shut off for nonpayment. The state has an energy affordability crisis that *must* be addressed immediately as part of the state’s Reforming the Energy Vision (REV) process.

The “Energy Affordability for Low Income Utility Customers” or “Low Income” Proceeding was launched by the Public Service Commission in January 2015 to find best practice solutions to the crisis and to create a uniform utility discount program for the state. The discounts offered by utility companies under the program would be separate from the Home Energy Affordability Program (HEAP) assistance that a dwindling number of households receive. Most utilities already offer a low-income discount, but most have narrow eligibility criteria and the amount offered is clearly far short of what low-income households need to achieve true affordability of energy services.

The Low Income Proceeding caught the attention of many consumer advocates, community groups, and low-income individuals who collectively recognized the social and economic importance of this proceeding.

In June 2015, the Department of Public Service released a straw proposal for a statewide program that has been roundly criticized as being inadequate because it leaves most low-income people out, it does not offer substantial enough savings for all low-income recipients, and it fails to address root causes of the energy affordability crisis. These sentiments are widespread, deeply held, and deeply felt by low-income people and advocates alike, and as seen below, emerged in many party comments in the proceeding as well in hearings throughout the state.

Highlights of the Staff Proposal:

- The proposal would create a statewide requirement that all utilities offer a low income assistance program.
- Only customers who receive a utility HEAP benefit (less than 25% of HEAP recipients statewide) would automatically receive a utility discount, unless they are in



PUSH Buffalo members and elected officials demonstrate outside the Buffalo hearing, calling for “Real Solutions, not Band-Aids.”

Comments and Testimony

“I just want to say there’s such a need for it. You know, we’re not, like, people, who are just, you know, trying to get over on anybody. We’re working hard and just not making it. So that’s why I came, to be a working person’s voice.”

- Natalie Nugent in Glens Falls

“Have you ever been cold and frozen inside your house? It’s colder than the freezer. You see your breath. Your lungs get messed up. You start deteriorating. I sleep in my car for the past four years, yeah, 'cause it’s warmer. I can put on the heat then. And in the day I get in, wash and do whatever I have to do.”

-Zakiyyah Salahuddin in Poughkeepsie

This system is designed to keep people poor, to keep them cold, to keep them unhealthy, and to keep them hungry. It is designed to transfer our public wealth to private institutions.

-John Washington in Buffalo

“Additionally, the cost to other ratepayers of providing this benefit, as proposed, would amount to a new tax or surcharge on their utility bill, which would be collected on a per-customer charge, rather than on usage. That means the residential ratepayer, struggling to balance the cost of the utilities with the cost of food and medicine, could consider amounts similar to that paid by a large commercial company.”

- Fran Hamblin in Albany

New York City, in which they would be enrolled if they receive one of a variety of low-income programs offered through the Department of Social Services.

- The discounts available would be based roughly on income, as determined by HEAP application and would reduce energy burdens to 6% of income for the average users. But higher than average users would still suffer unaffordable energy costs, a particular issue for renters and people who face barriers in access to energy efficiency and weatherization programs.
- Utilities would waive reconnection fees for customers whose accounts have been suspended or terminated.

The Grassroots Response

On July 30, about 25 low-income people and a handful of advocates from the Energy Democracy Alliance attended a Department of Public Service Technical Conference on the proceeding to ask questions about the process and about the Staff Proposal. Despite being prepared to engage in the technical questions at the heart of the proceeding, they were made to feel like unwelcome intruders, illustrating the Public Service Commission's continued inability to engage low-income people in meaningful consultation.

Nonetheless, the effect of their presence was the announcement of a series of public hearings. Hearings were subsequently held in Glen Falls, Poughkeepsie, New York City, Buffalo, Syracuse, and Troy. (The last two were added when organizations requested them.) Hearings were announced with extremely short notice and little publicity on the part of the Department of Public Service. Advocates and organizers scrambled to get the word out and educate their communities about the proceeding.

More than 200 people attended the hearings. Low-income attendees spoke passionately about facing shutoffs, mistreatment by utility companies, and the suffering caused by unaffordable energy prices. A number of organizations working with low-income residents who were not previously engaged in the proceeding also attended the hearings, and spoke about the challenges facing their members and clients, the huge amount of need in their communities, and some of the solutions that should be pursued.

Local elected officials also commented on the proceeding. Several attended hearings in their areas. And in Buffalo, the City Council passed a unanimous resolution calling on the Public Service Commission for an increase in

"However, I would like to point out that many families across New York are eligible for HEAP are not currently enrolled in the program. It is imperative to ensure that these families don't fall through the cracks of any low income utility program requirements. I suggest by that using the Federal Communications Commission's Telephone Lifeline criteria to determine eligibility"
- State Assemblymember Frank Skartados

"The program design purports to create a benefit that assures that participating customers will not pay more than 6% of their household income for essential energy services, but that is in fact not what the Staff's proposal can accomplish since it is based on average income and average usage calculations that do not reflect the customer's actual income and usage characteristics. As a result, low income customers with higher than average usage – the reason(s) for which are often beyond customers' control - receive little or no bill payment assistance, even if the actual electric or gas bill is a high percentage of their household income."
-Public Utility Law Project Comment

"And where I'm most confused is on the proposed use of the receipt of Home Energy Assistance Program benefits as a criteria of who would get the rate reductions. People who receive HEAP's Renter's Benefits, as I understand it, would not be eligible under the proposed plan. And also, because HEAP funds are limited and quickly depleted, the funds do not serve the total number of people who would actually qualify. So as far as I understand it, HEAP benefits serve as a poor marker for the actual number of people who require help, and I'm concerned that that number of people would actually go down under this plan."
- Reverend David Dyson in NYC

"So I think a good plan should include incentives and assistance for weatherization. I'd also advocate for seeing geothermal heating and cooling included in a plan... And all these energy saving measures also have the great advantage of working on the problem of climate change which is going to add enormous expenses and enormous suffering to our population if we don't do something about it and start working on it very intensively very soon."
- Ellen Banks in Buffalo

funding for the low-income discount program to \$600 million and for enrollment criteria that would open the program to all low-income utility customers.

Themes in the comments at the hearings included:

- The devastating impact of utility shut-offs and high utility costs on households, heavily contributing to an inability for people to meet their basic needs.
- Outrage that utilities are allowed to reap generous profits while their customers suffer under crushing energy insecurity.
- Criticism over how the discounts would be paid for: through a surcharge that would cost small households the same amount as large businesses.
- A desire for the eligibility criteria to be broad enough to provide discounts to all low-income customers, not just those who receive a HEAP payment to their utility.
- An understanding that weatherization and energy efficiency retrofits would help people reduce their bills, but those solutions are out of reach for many who need them most, particularly renters.
- The need for the amount of money dedicated to the discount program to be large enough to provide significant and meaningful relief for low-income households.



Nobody Leaves Mid-Hudson, Syracuse United Neighbors, and ARISE members, staff, and leaders speak at the Poughkeepsie and Syracuse Hearings.

In addition, the majority of written comments favor of a more robust program, including from the Sierra Club; the Laundry, Distribution, and Food Service Joint Board of Workers United/SEIU; and the Presbytery of NYC.

Recommendations:

Through this proceeding, the Commission can act quickly to improve people's lives and the economies of our low-income neighborhoods by declaring that people will no longer have to forego other basic necessities in order to keep the lights on, their refrigerators running, and their homes at a livable temperature. Members of the Energy Democracy Alliance and allies submitted comments in the proceeding signed by 34 organizations and elected officials. We recommend the Commission and Governor Cuomo act swiftly on our recommendation, even while working to bringing down energy costs on a system-wide basis through REV in the longer term. Below is a summary:

- Low-income people must be consulted and included in designing programs that affect them.
- The Commission must create a comprehensive low-income discount program open to all low-income households, not just those who are lucky enough to somehow obtain a utility HEAP benefit.

- Utilities must provide meaningful discounts in the form of real rate reductions of approximately 40% for low-income households. We call for a program that provides at least \$600 million in assistance.
- A more rational and equitable formula for contributions to the low income program must be devised than charging all customers the same. Walmart and Chase Manhattan Bank should not pay the same surcharge as a residential customer.
- The Commission should look at utility profits as a source for additional revenues, where utilities fail to provide affordable rates. It is unjust for utility shareholders to profit while low-income customers' safety, health, and economic security are jeopardized.
- Energy conservation, efficiency, and weatherization services should be part of all low income programs as a way to tackle root some causes of this crisis.
- The Commission should consider a program like "CleanCARE" proposed by IREC for California to allow low-income discount recipients to redirect their discounts into shared renewable energy projects, giving low-income people a choice in where their electricity comes from and reducing their costs.
- The PSC should report utility shutoffs by census block so they can be monitored for patterns of racial discrimination in who is being shut off.
- The Commission should use its regulatory authority to prevent shutoffs during the cold period of November through April, as a critical matter of safety, health and wellbeing that cannot go unaddressed.
- Intervenor funds must be enabled for public interest advocates to participate in rate cases.
- An Energy Affordability Intergovernmental Agency Task Force as recommended by the Utility Intervention Unit should be created to more fully analyze the problems faced by low income consumers in a long term effort and arrive at comprehensive solutions than is possible through this proceeding.

Our full comments are at:
<http://tinyurl.com/nh9hjqa>

Contact the Energy Democracy Alliance at
www.energydemocracyny.org

The image contains two screenshots of news articles. The top screenshot is from the Poughkeepsie Journal, dated September 24, 2015, with the headline "Low-income utility ratepayers urge a better deal". It features a photo of a woman at a public hearing and text stating that ratepayers are challenging utility rates and calling for improvements. The bottom screenshot is from the Syracuse Post-Standard, dated October 14, 2015, with the headline "Low-income utility customers urged to push regulator for bigger discounts". It includes a photo of a group of people at a hearing and text reporting that utility customers are being urged to demand larger discounts from the regulator.

- News Stories of the Hearings**
- [State PSC considers low-income utility assistance changes](#) | October 2, 2015 | WBFO
 - [Affordable Housing Group Asks Public Service Commission to Address Heating Costs](#) | October 1, 2015 | Time Warner Cable Buffalo
 - [Community Members Voice Concerns About Utility Cut-Offs](#) | September 24, 2015 | Time Warner Cable Hudson Valley
 - [Low-income utility ratepayers urge a better deal](#) | September 24, 2015 | Poughkeepsie Journal
 - [Low-income utility customers urged to push regulator for bigger discounts](#) | October 14, 2015 | Syracuse Post-Standard
 - [Power Struggle: Groups Advocate for Utility Bill Relief for Those Facing Service Shut-offs](#) | October 15, 2015 | WAER
 - [National Grid shut off 60,000 customers last year; PSC seeks solutions](#) | October 19, 2015 | Syracuse Post-Standard