

PUBLIC COMMENTS SOUGHT REGARDING:

**JOINT BOARD/DCA STAFF RECOMMENDATION CONCERNING
WEATHERIZATION AND ENROLLMENT IN THE
UNIVERSAL SERVICE FUND &
LOW INCOME HOME ENERGY ASSISTANCE PROGRAMS**

Staff of the Board of Public Utilities (Board) and Department of Community Affairs (DCA) are seeking public comment on a proposal that would require Universal Service Fund (USF) and Low Income Home Energy Program (LIHEAP) clients to participate in a home energy audit when contacted by either the New Jersey Comfort Partners Program (Comfort Partners) or the Federal Weatherization Assistance Program (WAP).

Background

Energy Assistance Programs

The USF program provides monthly energy assistance credits to qualifying low-income New Jersey households on their electric and natural gas bills. Eligible applicants must have income at or below 175% of the Federal Poverty Level (FPL) and spend more than three percent of their total household income on gas or electric costs. USF covers the amount beyond this percentage threshold up to a cap of \$1,800 per year. In 2008, state-wide enrollment was estimated at 153,000 households. Estimated USF enrollment has gone up 20% in the past year. Ratepayers provide funding for USF through a Societal Benefits Charge (SBC) to utility ratepayers and the program is administered by the DCA. The cost of the USF program has increased dramatically from \$15 million in 2002 to \$248 million in 2008. On April 9, 2008, in Docket Numbers EO07110888 and EX00020091, the Board sought public comments and suggestions for cost-containment measures and several commenters recommended linking USF and Comfort Partners.

LIHEAP is a federally funded energy assistance program also administered by DCA. LIHEAP provides heating and medically necessary cooling benefits to low-income households. In order to be eligible an applicant must be responsible for home heating or cooling costs (either directly or included in their rent) and must have total household income at or below 225% FPL. USF and LIHEAP share an application, database system and county application agency network in order to keep administrative costs low and provide applicants with the opportunity to apply for both programs simultaneously. LIHEAP provides heating benefits to not only gas and electric customers, but also to those households which heat with deliverable fuels. In 2007 it was estimated that enrollment reached 191,000 and the average LIHEAP benefit was estimated at \$324. Current estimates of 2008 LIHEAP numbers indicate an increase in enrollment in excess of 20%.

Weatherization Programs

Comfort Partners is an energy efficiency and weatherization program administered by New Jersey's regulated utilities under the direction of the Board and provides free energy efficiency/weatherization services to electric and natural gas customers whose annual household income is at or below 225% FPL and have significant energy usage. Comfort Partners prioritizes its outreach efforts to high usage USF customers. The program saved an estimated 34,380 MMBTU of gas; 8,599 megawatt-hours of electricity, and 1.9 million gallons of water for customers in 2007. Comfort Partners' 2009 budget was set at \$36M and is funded through SBC.

WAP is a weatherization program administered by county weatherization offices under the oversight and direction of the DCA. WAP targets weatherization and home health and safety measures to low-income households with elderly, handicapped and very young children in residence. The program provides home heating system efficiency services and energy conservation measures. The program income limits are set at 225% FPL. In Federal Fiscal Year 2008 WAP received \$28,702,046 in LIHEAP and Department of Energy funding. In addition, as part of the Recovery Act, WAP received an additional \$118M, to be spent over the course of three years.

Findings and recommendations of the April 2006 USF Program evaluation conducted by APPRISE Inc., state that:

“High use households should be targeted by the Comfort Partners and WAP programs to ensure that clients have affordable bills. ... Utility companies and the agencies that contract with the Comfort Partners Program have developed systems for identifying and recruiting USF customers. The BPU should work with the utilities to standardize their system for referring USF clients to the Comfort Partners Program and establish official guidelines for coordinating these two benefits.”

Similar requirements in Ohio and Pennsylvania have been successful. For example, clients of First Energy Company's Customer Assistance Program (Pennsylvania's equivalent of USF) nearly always proceed with installation of weatherization measures after participating in the required home energy audit. A negligible amount of these households refused to participate in the required audit and lost their energy assistance benefit.

Staff Recommendation

Staff recommends the Board and DCA affirm that USF and LIHEAP clients shall participate in a home energy audit provided by either Comfort Partners or WAP if contacted by one of these weatherization programs. The desired outcome is that after participating in the home energy audit, USF and LIHEAP participants will agree to have the recommended free energy conservation measures installed in their homes. This requirement is intended to lower energy usage and therefore energy costs for those enrolled in USF and LIHEAP, to lower costs to the USF program and to reduce low income households' dependence on energy assistance grants. Staffs of the Board and DCA are seeking public input concerning this proposed requirement.

These free energy conservation programs are offered to USF and LIHEAP participants every year. However, eligible clients have frequently turned down the opportunity to participate. Comfort Partners and WAP funding and resources are used to market the programs to USF and LIHEAP participants. Requiring USF/LIHEAP clients to participate in a home energy audit encourages energy efficiency, reducing clients' energy costs and the cost of their ratepayer funded USF benefit. A further result will be a reduction in marketing costs for Comfort Partners, thereby making these funds available for weatherization measures.

Pivotal Points

- It is widely recognized that the energy bills of USF and LIHEAP participants are often extremely high because of poor housing construction and/or age of the structure.
- Providing USF and/or LIHEAP benefits alone cannot solve the larger underlying problems faced by these participants in terms of their high energy consumption.
- Providing USF and LIHEAP participants with free energy conservation services will:
 - Reduce high consumption and energy burdens
 - Reduce accumulating arrearages
 - Lessen the occurrence of unmanageable energy bills
 - Save money for low-income customers during this difficult economic time
 - Increase the comfort of customers in their homes in both winter and summer
 - Eliminate some home safety hazards
 - Educate customers about energy conservation and encourage their partnership in the saving of energy
 - Help achieve the primary goal of the Governor's Energy Master Plan to reduce energy consumption 20% by 2020
 - Reduce stress on utility systems
 - Lead to replacement of inefficient household appliances and systems with high efficiency appliances

Proposed Approach

- Establish a linkage between USF/LIHEAP benefits and obtaining a home energy audit through Comfort Partners or WAP by adding a requirement on the USF/LIHEAP application.
- Develop a coordinated approach to minimize WAP and Comfort Partners overlap and maximize benefits made available through these two weatherization programs.

Enrollment Process and Notification

- The requirement to participate in the WAP or Comfort Partners audit will be stated on the USF/LIHEAP application and recertification form and enrollment notices for those screened from other programs such as Food Stamps, Pharmaceutical Assistance to the Aged and Disabled (PAAD) and Lifeline. The enrollment notices are available in either English or Spanish, whichever language is indicated on the USF/LIHEAP application as preferred.
- Certain USF/LIHEAP participants will be contacted by one of the two state weatherization programs through a series of letters (English front and Spanish back) which will include notification that USF/LIHEAP benefits could be suspended as a result of their refusal.

- The USF/LIHEAP participant will receive three phone call attempts and four letters describing the energy conservation program and the home energy audit requirement over a minimum of a five month period before their USF/LIHEAP benefits are suspended.
 - Comfort Partners contractors and WAP agencies are required to make at least three phone calls and send two letters to USF/LIHEAP participants describing the energy conservation program and the requirement to participate. The contact attempts must take place over a minimum of a four-month period, and the dates of the attempted contacts must be documented.
 - If, after a minimum of a four-month period, the contractor or agency is unable to schedule the home energy audit, then a USF/LIHEAP suspension warning letter will be sent to the customer. If, after a minimum of three weeks, no response is received from the customer, then a USF/LIHEAP suspension letter is mailed. The customer is given a minimum of two more weeks to respond before the USF/LIHEAP benefits are suspended.
- USF/LIHEAP participants will then have their USF/LIHEAP benefits suspended.
- When the USF/LIHEAP client agrees to schedule the home energy audit, the Comfort Partners contractor or WAP agency will make every attempt to schedule the audit within three weeks to accommodate the client.
- If USF benefits are discontinued due to nonparticipation, households will continue to receive USF Fresh Start arrears forgiveness upon making the required gas and electric bill payments.
- A USF client whose benefits were discontinued due to nonparticipation may not be screened for USF or LIHEAP benefits from that point forward unless they either 1) participate in a complete home energy audit, or 2) move to a premise which has already been documented as weatherized by the program seeking to provide the audit.
- If the USF/LIHEAP customer agrees to participate in a home energy audit after his/her USF/LIHEAP benefits have been discontinued, a reinstatement of benefits will be made **without** lapsed benefits being recovered up to the end of his/her USF benefit year at the utility company.
- USF/LIHEAP customers whose USF/LIHEAP benefits are discontinued after refusal to participate in a home energy audit will not be entitled to USF/LIHEAP benefits for any period prior to completion of all requirements for reapplication into USF/LIHEAP, including completion of a home energy audit. **No interim or back benefits will be awarded.**

Exceptions to Participation in the Audit

- After participating in the home energy audit, the USF/LIHEAP participant will not be required to accept the free energy conservation measures offered. However, based on the success of similar requirements in Pennsylvania and Ohio, customer rejection of free energy-savings measures is expected to be negligible.

- USF/LIHEAP participants will be required to schedule the home energy audit only when they are contacted by Comfort Partners or WAP. This is because of the large number of USF/LIHEAP participants compared to the lesser number of homes that Comfort Partners and WAP can complete on an annual basis.
- The requirement to participate in a home energy audit when contacted by Comfort Partners or WAP does not prohibit USF/LIHEAP participants from voluntarily requesting a home energy audit.
- As a protection mechanism, renters whose landlord refuses the audit are exempt from the suspension of their USF/LIHEAP benefits.
 - Refusal will be documented in the appropriate program database
 - Exception transfers to a new tenant if a prior tenant was unable to get landlord cooperation
- Structure is ineligible for audit or work
 - Covered in Comfort Partners documentation
 - Covered in WAP documentation
 - Structure has previously been audited by Comfort Partners or WAP
- Customers who move
 - Audit requirement will be based on location/premise, not on customer occupancy. A customer who receives USF benefits after he/she moves may be required to participate in an audit of the new location/premise.
 - A customer who has had his/her USF/LIHEAP benefits suspended will not be screened for USF/LIHEAP benefits when they move to a new premise unless they participate in an audit, or if the premise they move to has already been weatherized.
- Households containing member(s) whose mental or physical health could be exacerbated by the audit or installation measures.
- The appropriate WAP or Comfort Partners representative shall fully document the above listed circumstances permitting these exemptions.

A public stakeholder meeting is scheduled for April 29, 2009 at 10:00 a.m. at the Board's office in Trenton:

Board of Public Utilities
 44 South Clinton Avenue
 Department of Personnel First Floor Hearing Room
 Trenton, New Jersey 08625

Additionally, the public is welcomed to submit comments on this proposal. Any written comments should be submitted by April 27, 2009 to the following email address either as a PDF document or in Microsoft Word:

usf.program@bpu.state.nj.us

Please direct questions to Maureen Clerc, Board of Public Utilities, at (973) 648-8974.