

Below are examples of some states with low-income rates for your review and consideration.

SPECIFIC RATES FOR LOW INCOME CUSTOMERS

California

Low-income customers of the state's three large investor-owned utilities who are enrolled in the California Alternative Rates for Energy (CARE) program receive a 20% discount on their electric and natural gas bills. For one- and two-person households, the maximum income is \$29,300. The maximum increases with household size, e.g., \$34,400 for a three-person household.

The Family Electric Rate Assistance (FERA) program can provide a discount on electricity costs for households with three or more persons with somewhat higher incomes. Households qualify if they receive benefits under various welfare programs, including Temporary Assistance for Needy Families, food stamps, Medicaid, and energy assistance. Alternatively, a household is eligible if its income falls within certain limits, e.g., \$34,401 and \$43,000 for a three person household.

In California, the electric rate that a household is charged depends on how its consumption compares with a baseline, which varies by region and other factors. Households that participate in FERA are charged Tier 2 rates that normally apply to consumption at 101% to 130 % of baseline for their Tier 3 usage (131% to 200% of baseline). The program does not affect the rates charged for higher levels of consumption.

These provisions are funded through a rate surcharge paid by all utility customers.

Massachusetts

State law (Mass. Gen. Law 164 Sec. 1F) requires electric companies to provide rate discounts for low-income customers. Eligible customers receive rate discounts of 20% to 35% off the standard residential rate, depending on their utility company. Customers are eligible if their household income is 200% of the federal poverty limit (i.e., \$35,200 for a three-person household in 2008). Participants in certain benefit programs, such as food stamps and supplemental security income, are automatically enrolled in the rate discount program. Participants in energy assistance programs are also eligible, but must apply for the rate discount. The law requires that the cost of the discounts be paid from the rates charged other company customers. Further information about the rate discounts is available at

www.massresources.org/pages.cfm?contentID=72&pageID=14&Subpages=yes#whatis.

Ohio

The state's Percentage of Income Payment Plan (PIPP) requires regulated gas and electric companies to accept payments based on a percentage of household income. The Office of Community Services administers the program for electric customers and community action agencies for gas customers. The program is funded by the universal service charges on electric and gas bills.

To be eligible for the program, a customer must (1) receive his or her primary or secondary heat source from a utility company regulated by the Public Utilities Commission of Ohio, (2) have a total household income at or below 150% of the federal poverty level, and (3) apply for all energy assistance programs for which he or she is eligible.

Customers whose primary heating source is electricity make a monthly payment to their electric company that is 15% of their gross monthly household income in billing periods that include any usage from November 1 through April 15. The rest of the year, these households pay 15% of their gross monthly household income or their current electric bill, whichever is greater. Customers who use electricity to control their gas or oil furnace or have electric space heaters in addition to another heating source make an electric PIPP installment that is 5% of their income in the heating season. During the rest of the year, the household pays 5% of its income or its current electric bill, whichever is greater. (Most households whose income is at or below 50% of the federal poverty level and use electricity as its secondary source of heat, pay only 3% of their income during the heating season). Cleveland Electric Illuminating and Toledo Edison do not offer the 3% provision. Instead, they offer very low-income customers a 7% discount off their electric bills.

Customers whose primary heating source is natural gas pay their gas company an installment that is 10% of their gross monthly household income, year-round. Customers who use natural gas as their secondary heating source pay the company 5% of their income year-round.

Participating customers must (1) make the required monthly payments, (2) re-verify their gross monthly household income at least once every 12 months, (3) reapply for all available energy assistance programs at least once every 12 months, and (4) apply for weatherization if contacted by a utility or state agency representative. People who apply for the Emergency Heating Assistance Program must also apply for PIPP or another payment plan. Further information about PIPP is available at www.odod.state.oh.us/cdd/ocs/pip.htm.

Pennsylvania

Pennsylvania's Public Utility Commission requires major electric and gas companies to provide Customer Assistance Programs (CAPs) for their low-income customers. Some programs provide flat rate discounts or bill credits, while others provide discounts that are tied to the customer's income. For example, PECO, which serves the Philadelphia area, provides four discounted rates to its low-income electric and gas customers (those with incomes of up to 150% of the federal poverty level). The percentage of discount is based on the customer's gross household income. Other companies have arrearage forgiveness in their programs. For example, Duquesne, which serves the western part of the state, requires customers who participate in CAP to go on a payment plan and make on-time monthly payments. Customers are forgiven 1/36 of their arrearage amount each monthly payment that is on time and complete.

Texas

The LITE-UP program provides an electric rate discount of about 2 cents per kilowatt-hour during the cooling season for low-income families. This reduces the electric bills of participating families by about 15% from July through October, an average savings of \$25 to \$30 per month.

A customer qualifies for the discount if his or her family income is at or below 125% of federal poverty level guidelines or if the customer gets certain benefits from the Health and Human Services Commission. These benefits include food stamps, Temporary Assistance to Needy Families, Supplemental Security Income, Medicaid, or low-income Medicare.

The Public Utility Commission reports that there are 316,000 households who are automatically enrolled in the program. This system is operated by the Low-Income Discount Administrator (LIDA) and uses data provided by the Texas Health and Human Services Commission and retail electric providers to identify eligible customers. In addition, other households that believe they are eligible can apply directly to LIDA. The discount is only for the summer months and will be available again during the summers of 2008 and 2009.

In addition to the rate discount, participating customers cannot be charged late fees under Public Utility Commission rules. Participants are also eligible to pay security deposits over \$50 in two installments. Further information about the program is available at www.texasrose.org/RTF1.cfm?pagename=LITE-UP%20TEXAS.

Public Power Utilities

Several public power utilities (which generally are not regulated by state public utility commissions) offer discounted rates to low-income customers. For example, the Cowlitz County (Washington) Public Utility District offers a reduced electric rate for qualified seniors aged 65 or older. Households with a gross income below \$13,691 receive a 20% rate discount; those with incomes between \$13,692 and \$20,535 receive a 10% discount. The district also offers the same discounts to low-income households with a disabled household member. The Los Angeles Division of Water and Power offers a discount of up to 15% for electric and water customers with eligibility standards similar to the CARE program described above. Seattle City Light (the municipal electric utility) provides a 50% rate discount for eligible customers. Customers who are 65 or older or who are disabled qualify if their income is below 70% of the area median (i.e., \$42,600 for a three-person household). Other customers are eligible if their income is below 200% of the federal poverty level. The program is open to homeowners and renters, but not to residents of subsidized housing.