



Manitoba Hydro Affordable Energy Program

Submitted By:

The Affordable Energy Unit
Customer Care & Marketing

Date:

November 10, 2009

Table of Contents

| | | |
|-----|---|----|
| 1 | INTRODUCTION | 7 |
| 2 | CURRENT PROGRAM OVERVIEW | 8 |
| 2.1 | KEY COMPONENTS OF BILL ASSISTANCE PROGRAMS | 8 |
| 2.2 | ASSESSING PROGRAM COMPLETENESS | 9 |
| 3 | MARKET ANALYSIS | 17 |
| 3.1 | DEMOGRAPHIC STUDY | 17 |
| 3.2 | ENERGY BURDEN | 17 |
| 3.3 | EXTERNAL RESEARCH | 19 |
| 3.4 | KEY LEARNINGS | 24 |
| 4 | PROGRAM ENHANCEMENT | 25 |
| 4.1 | AFFORDABLE ENERGY PROGRAM (AEP) OBJECTIVES | 25 |
| 4.2 | PROGRAM DESIGN | 26 |
| 4.3 | EDUCATION | 33 |
| 4.4 | PROGRAM MARKETING | 34 |
| 4.5 | PROGRAM EVALUATION | 37 |
| 5 | CONCLUSION | 39 |
| | APPENDIX A - NEIGHBOURS HELPING NEIGHBOURS APPLICATION PROCESS STEPS | 41 |
| | APPENDIX B - LOCAL STAKEHOLDER GROUP DESCRIPTIONS | 42 |
| | APPENDIX C - WINTER WARMTH PROGRAM SUMMARY | 44 |
| | APPENDIX D - RESEARCH SOURCES | 45 |

EXECUTIVE SUMMARY

The updated Affordable Energy program is designed to provide sustainable bill relief to customers while providing them with the tools and resources to effectively become self sufficient in managing their energy bills.

Manitoba Hydro developed an initial Bill Assistance report in February 2009. Several key considerations were identified to be used to evaluate program augmentation options. The following report will provide an overview of how Manitoba Hydro's existing and comprehensive programming is currently serving lower income customers, energy assistance activities offered by other utilities/jurisdictions, and a set of actions and enhancements that will further develop our existing programming. Manitoba Hydro must achieve a balance between improving the affordability of energy for lower income customers and maintaining social equity for the general body of rate payers. Considering this balance, Manitoba Hydro has proposed the strengthening of specific program components to provide for an aggressive program that achieves this critical balance. These enhancements, along with some of the lowest energy rates in North America, combine to facilitate efficient energy affordability for lower income energy consumers in Manitoba.

Current Program Overview

Manitoba Hydro currently engages in many activities and programming targeted specifically to meet the needs of our lower income customers. They include the following:

- Demand Side Management
 - The Lower Income Energy Efficiency Program (LIEEP) provides energy efficiency upgrades including basic energy efficiency items such as CFLs and low flow showerheads, air sealing materials, insulation measures, and the replacement of standard efficiency furnaces with high efficiency furnaces. The program has been recognized as one of the leading lower income DSM programs in Canada.
- Bill Management
 - Manitoba Hydro has a set of very accommodating bill management practices including payment arrangements, equal payment plans, limits on disconnection, negotiable late payment charges, and alternative payment methods. In addition, negotiable reconnection fees, negotiable security deposits and arrears forgiveness are considered in compelling situations.
- Emergency Financial Assistance
 - The Salvation Army, with support from Manitoba Hydro, delivers the Neighbours Help Neighbours (NHN) emergency financial assistance program throughout the province of Manitoba. The NHN program provides one-time emergency funding to lower income individuals, families and seniors who are

unable to pay their energy bill due to personal hardship or crisis to assist with bill payment and avoid disconnection of services.

Market Analysis and Research

An overview of Manitoba Hydro's current lower income market and research on other programs provided the following insights:

- Approximately 93 000 lower income customers are directly responsible for their own utility bills.
- In reviewing the energy burden of Manitoba Hydro's lower income customers, it has been determined that the energy burden is not at a crisis level.
- Feedback from Manitoba Stakeholders included:
 - Focus resources on demand side management as it offers the most sustainable approach when compared to reduced rates or financial assistance programs.
 - Improve the follow-up process with program participants.
 - Strengthen the link between Manitoba Hydro programming and other community social programming.
 - Upgrade the educational component of the program.
 - Ensure the program has the ability to accommodate vulnerable clients.
 - Implement some form of an arrears forgiveness program.
 - Implement programming to support customers in rental properties.
- Ontario Energy Board (OEB) Review
 - In terms of program structure, the OEB staff suggests that many of the systemic energy affordability issues can be addressed through customer service measures and energy conservation measures, rather than providing subsidies in the form of ongoing bill discounts for all low-income energy consumers.
 - The OEB agreed that emergency funding to low-income customers should be increased, funding should be accessible on a province wide basis, funding should be available to both electricity and natural gas customers, distributors should develop partnerships with social service agencies, eligibility for the assistance program should be based on need as determined by a social service agency.
 - The OEB agreed on distributors contributing 0.12% of their distribution revenues towards emergency assistance funding to be recouped through distribution rates.
- Key learnings from other programs include:
 - Assistance should be targeted to those most in need and who genuinely cannot pay their bill.
 - There is no direct correlation between energy consumption and income.
 - Bill assistance programs should focus on demand side management as it offers the best return on investment for the customers and the utility.

- Synergies with government and non-government programs should be maximized while redundancies with other social welfare programs should be minimized.
- The energy assistance program must be customer friendly and versatile enough to accommodate varied customer situations and needs.
- The most common challenge facing bill assistance programs is lack of program awareness amongst the target audience.

Program Enhancement

In analyzing Manitoba Hydro's existing programs/activities and researching other affordable energy programming it is clear Manitoba Hydro currently offers comprehensive solutions to help our lower income customers manage their energy bills. What also has become clear, is the general public, community stakeholders and the customers in need of assistance are not all aware of this programming. This same analysis has shown there are opportunities to further serve the marketplace through an augmented emergency funding program and a review of the Basic Monthly Charge. To meet these needs, and provide a more holistic approach to working with lower income customers, the following objectives and strategies have been developed.

The overall objective for the Affordable Energy Program (AEP) is to improve the affordability of energy for lower income customers while maintaining efficient operations of Manitoba Hydro. This objective will be achieved through the following strategies:

- Provide emergency assistance funding and related services to customers who are in a state of energy financial hardship and who display a genuine difficulty in paying their utility bills.
- Provide bill management options.
- Provide long term sustainable solutions for lower income customers.

Enhancements include:

- Refine eligibility criteria to ensure crisis intervention funding is provided for those customers that genuinely need the assistance.
- Expand bill management:
 - Implement a "select your own payment date" option that would allow customers to set a preferred payment date.
 - Waive reconnection fees, security deposits and interest fees for NHN participants who have previously been disconnected but are now receiving an NHN subsidy.
- Upgrade the NHN program offering:
 - Increase the limit on NHN grant amounts from \$300 to \$450 (overall increased costs to NHN will represent approximately 0.08% of Manitoba Hydro's distribution revenue).
 - Allow participants to participate more than once.
 - Implement a referral for NHN homeowner participants to LIEEP.
 - Implement a six month follow-up policy with customers.
- Elimination or reduction of the basic monthly charge
- Consolidate and improve interaction between internal programs.

- Strengthen interaction between Manitoba Hydro and other stakeholders.
- Implement an education component for the AEP to educate customers, service providers and program partners.
- Build market awareness of the AEP through a solid marketing strategy.

Conclusion

The issues surrounding the development of programming to meet the needs of lower income customers are complex and far reaching. Based on the findings of this report, the best response will involve the cooperation of Manitoba Hydro and its program partners to work together to provide a sustainable and holistic solution for these customers.

The program design incorporates feedback from a number of local and industry stakeholders. The program's key focus is on demand side management through energy efficiency measures and customer education. The program design also places emphasis on developing a network of program partners that in conjunction with Manitoba Hydro staff, will provide educational opportunities, accommodate vulnerable clients, facilitate customer follow-up and provide numerous points of entry to access Manitoba Hydro's bill assistance offerings. Based on industry feedback, the program also aims to provide assistance with outstanding arrears through grants from the Neighbours Helping Neighbours program. Research has shown that one of the most common problems facing Manitoba Hydro's existing programming as well as bill assistance programs throughout the industry is lack of awareness. In response, great effort has been put into designing a marketing approach that will increase overall program awareness and will be closely monitored to ensure its effectiveness.

While other programs offer programming similar to what is tabled in this report, Manitoba Hydro's program is one of the few that incorporates all three disciplines of demand side management, bill management, and emergency financial assistance into one holistic approach. The design also incorporates as many existing resources as possible in an effort to be cost effective and speed program implementation.

1 INTRODUCTION

Manitoba Hydro engages in many activities and programming targeted specifically to meet the needs of our lower income customers. Manitoba Hydro considers this programming an important and on-going priority, and through this report will identify ways in which the current programming can be enhanced to provide both immediate and sustainable solutions to our customers.

Manitoba Hydro developed an initial Bill Assistance report in February 2009. Several key considerations were identified to be used to evaluate program augmentation options. The following report will provide an overview of how Manitoba Hydro's existing and comprehensive programming is currently serving lower income customers, energy assistance activities offered in other utilities/jurisdictions, and a set of actions and enhancements that will further develop our existing programming. Within the review, it is clear that Manitoba Hydro must achieve a balance between improving the affordability of energy for lower income customers while maintaining efficient operations of Manitoba Hydro. Considering this balance, Manitoba Hydro has proposed the strengthening of specific program offerings and focus to provide for an aggressive program that achieves this critical balance. These enhancements, along with some of the lowest energy rates in North America, combine to facilitate efficient energy affordability for lower income energy consumers in Manitoba.

2 CURRENT PROGRAM OVERVIEW

2.1 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, four key components with related activities have been identified for consideration in the development of a comprehensive bill assistance program, as described below.

- a) 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
 - Payment locations
- b) Crisis Intervention
 - Emergency funding
 - Assisting vulnerable persons
- c) Conservation & Demand Side Management
 - Inverted Rates
 - Low Income Energy Efficiency Program
 - Energy audits and air sealing services
 - Weatherization services
 - Heating and cooling systems
 - Lighting and appliance upgrades
- d) Rate Affordability: Assessment of the energy burden of a consumer as a percentage of annual income.

2.2 ASSESSING PROGRAM COMPLETENESS

The following chart illustrates the potential activities for a bill assistance program, as well as programs that are currently in effect at Manitoba Hydro.

| | Recommendation | | Program In Effect |
|-----|---|---|--|
| 1. | Payment arrangements | ✓ | Payment arrangements and renegotiation based on a 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 | | Reviewed in this report |

2.2.1 BILL MANAGEMENT (ARREARS MANAGEMENT)

Manitoba Hydro understands there are better business solutions than disconnecting customers, and strives to work towards payment solutions that meet the needs of both the customer and the Corporation. Realizing Manitoba Hydro has initiatives in place that not only deal with outstanding arrears, but also prevent them as well, arrears management is referred to as bill management for the remainder of the report. Activities currently being performed under the bill management component are noted in items 1 through 7 in the above table and summarized below.

- **Payment arrangements:** 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. If the customer does not pay their arrears, or call to make an arrangement, Manitoba Hydro will attempt to make contact with these customers to establish a payment arrangement. If a payment arrangement is broken, a notification letter is mailed to the customer to provide them with an opportunity to renegotiate their payment arrangement prior to further collection activity. Manitoba Hydro requires that customer contact must be made prior to disconnection of services. A notice will be provided to the customer to advise the customer that unless payment or payment arrangements are made, their services will be subject to collection activity. Manitoba Hydro will only disconnect service as an absolute last resort and requires that customer contact must be made prior to the disconnection of services.

- **Equal payment plan:** The budget amount is based on the average historical consumption for the property, then energy costs are projected for the year and divided into 12 equal monthly instalments to provide a budgetary tool for customers.
- **Limits on disconnection:** 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, which allows enough electrical energy for the furnace fan to run. Natural gas service remains connected throughout the period.
- **Negotiable late payment charges:** Late payment charges may be reduced or waived in special situations as a component of arrears payment arrangements.
- **Alternative payment methods:** The “Not Yet Due” function allows Manitoba Hydro to exclude outstanding arrears from accumulating late payment charges. Each month an agreed upon amount is moved from the “Not Yet Due” arrears into the customer’s current charges. In addition, consumers have many options for payment, including over 100 external payment agencies across Manitoba.

In addition, the following activities are considered in compelling situations.

- **Negotiable reconnection fees:** Based on the individual customer’s situation, Manitoba Hydro may defer payment of the reconnection fee to the customer’s next bill through a payment arrangement plan.
- **Negotiable security deposits:** Based on the individual customer’s situation, Manitoba Hydro may waive a monetary security deposit if there is a compelling reason.

- **Arrears forgiveness:** Based on the individual customer's situation, Manitoba Hydro may forgive arrears; however, there must be a compelling situation, as demonstrated in the situation below.
- **Referrals for vulnerable clients:** Manitoba Hydro staff members who deal with customers who are experiencing difficulty managing their bills are trained to assist customers with a wide range of bill assistance inquiries. Customers requiring special assistance above and beyond the normal scope of billing inquiries are either referred to a supervisor or a specially trained staff member who deals specifically with vulnerable clients. Vulnerable clients include those with medical health issues, mental/emotional health issues, the elderly and socially disadvantaged persons. If any client is deemed to require more assistance than Manitoba Hydro can offer, they can be referred to a variety of different agencies including:
 - City of Winnipeg Community Services (Social Workers)
 - Community Consumer Credit Counselling
 - Neighbours Helping Neighbours (NHN) - Salvation Army
 - Province of Manitoba Public Trustee
 - Winnipeg Regional Health Authority (WRHA) - Seniors Resource Centre

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]



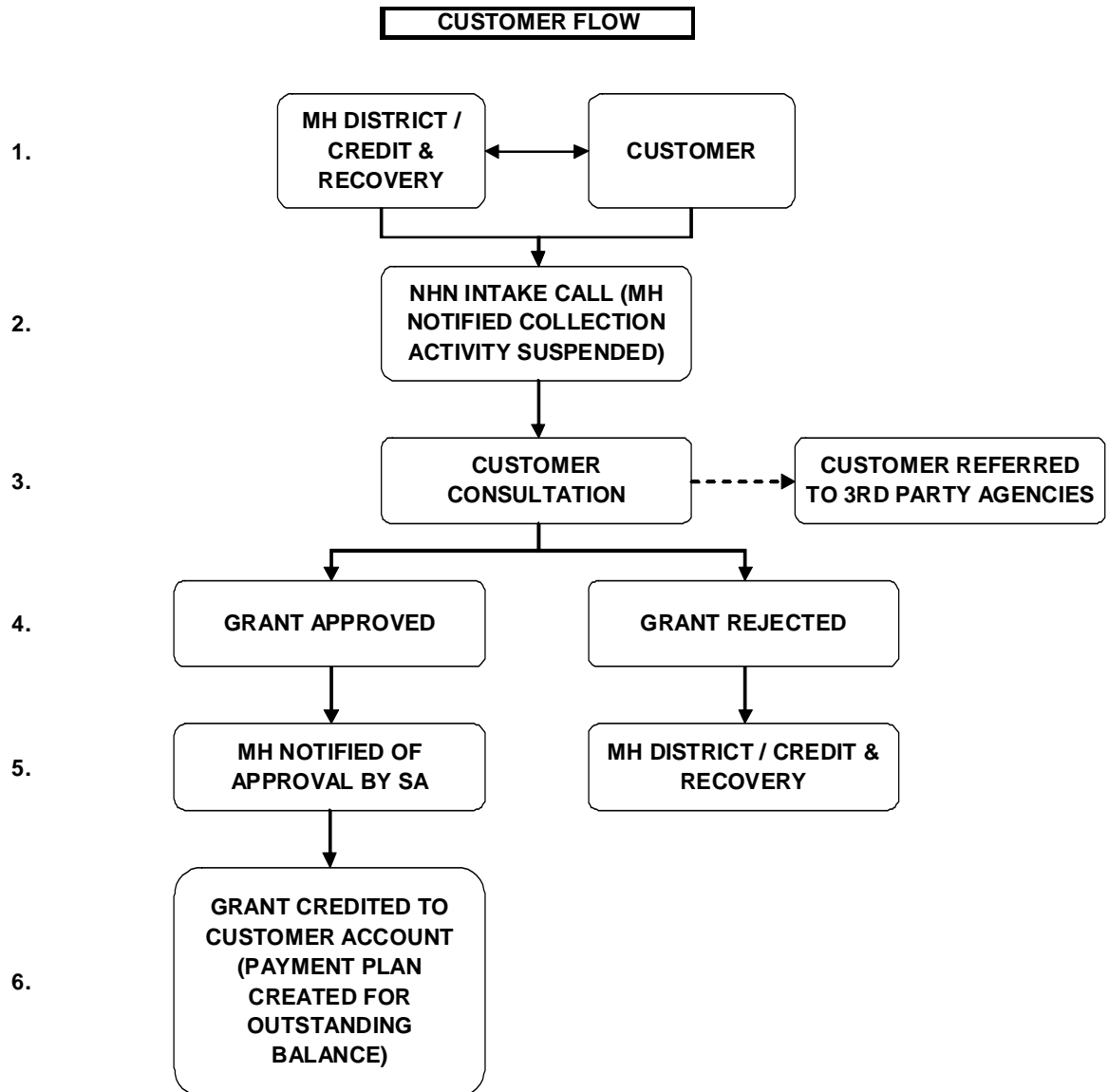
2.2.2 EMERGENCY FINANCIAL ASSISTANCE (CRISIS INTERVENTION)

There are many circumstances that can affect customers' ability to meet financial obligations. Manitoba Hydro understands that customers are dealing with issues outside their control which affect their ability to pay their utility bills and created the Neighbours Helping Neighbours (NHN) program in April 2004 to help meet the needs of these customers. The Salvation Army, with support from Manitoba Hydro, delivers the NHN emergency financial assistance program throughout the province of Manitoba utilizing its offices in Winnipeg, Brandon, Dauphin, Portage la Prairie, Flin Flon, and Thompson. The Salvation Army is responsible for the administration and staffing to support the program, while Manitoba Hydro provides a majority of the program funding. The NHN program provides one-time emergency funding to lower income individuals, families and seniors who are unable to pay their energy bills due to personal hardship or crisis to offset outstanding account balances and avoid disconnection of services. Program participants are also provided with valuable referrals to community support services, counselling and job training to further assist them with improving their financial situation. The NHN program was designed to target Manitoba Hydro customers who are considered lower income and who find themselves in an emergency financial situation.

Since April of 2004, more than 1 500 families have been helped by the program with most referrals coming from Manitoba Hydro staff assisting customers with collection issues. During the 08/09 fiscal year, Bill Management staff alone directed approximately 900 customers to seek assistance from the NHN program, 479 completed the application process, and 472 received financial assistance.

Since the inception of the program, the Salvation Army has made over 2 100 referrals for NHN participants to various community support services to help address underlying non-energy factors that can also affect their households.

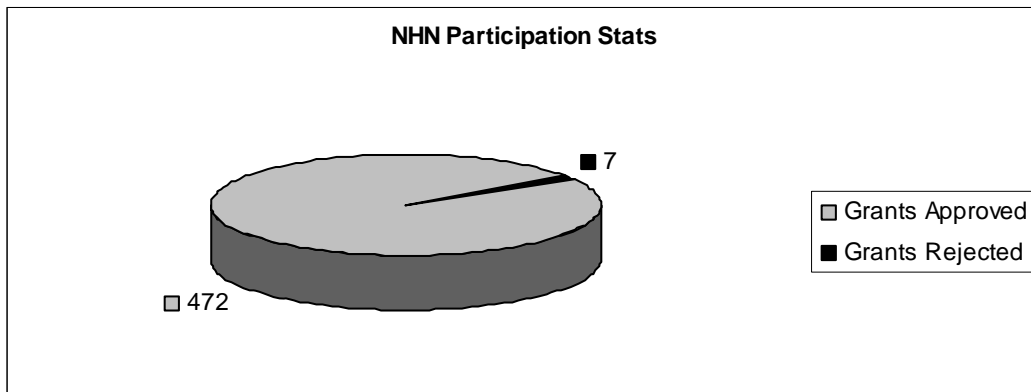
Below is a diagram of the application process. (See Appendix A for descriptions of process steps)



Note: Program incentives are limited to a one-time emergency energy assistance grant up to a maximum of \$300. On occasion, a second energy assistance credit (max \$300) may be credited to a customer's account if deemed necessary. The majority of program funding comes from Manitoba Hydro, with additional funding provided by private and corporate donations. All private and corporate donations are matched dollar-for-dollar by Manitoba Hydro. Private and corporate donations are solicited through articles in the Manitoba Hydro Energy Matters customer newsletter, bill inserts and the Manitoba Hydro website.

The Salvation Army reports to Manitoba Hydro quarterly on the program's overall performance summarizing the number of individuals/families assisted, referrals/grants provided, etc. An annual report is prepared at the end of each fiscal year. Below is a breakdown of stats related to the NHN program for the 2008/09 fiscal year.

Participation for 2008/09:

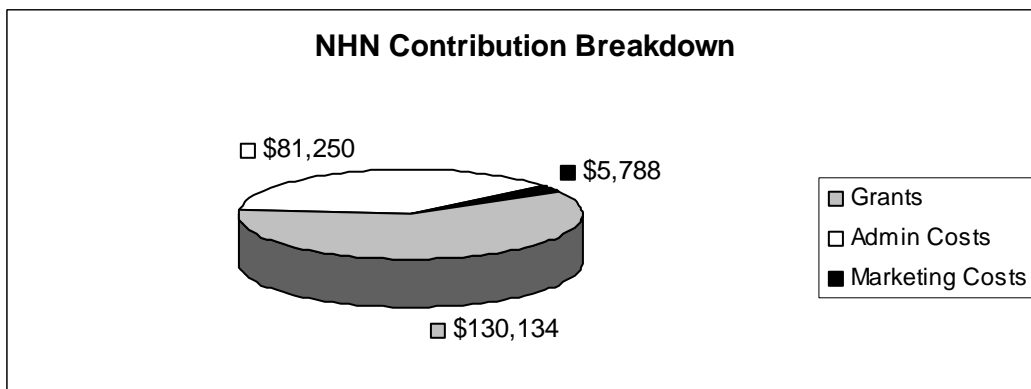


During the 2008/09 fiscal year the NHN program received 479 applicants. Out of the 479 applicants, 472 grants were approved with an average value of \$254 each.

Note: Those who did not qualify were due to issues such as an energy bill being paid for by a third party or similar situations making them ineligible for the program. All qualifying applicants were awarded grants. At the end of the year there was a grant surplus of \$8 155.

Budget for 2008/09:

The total budget for 2008/09 was \$217 172, with Manitoba Hydro contributing \$185 340 and \$31 832 coming from Public donations. The majority of the budget was directed to grants.



(total cost = \$217 172)

The *Administration* costs are derived from the 1.75 full time staff members at Salvation Army who field calls and pre-qualify customers for interviews.

The *Marketing* costs included two bill inserts per year, a specialized television advertisement, a brochure/donation form available at Manitoba Hydro district offices, a message heard while “on hold” when calling the Manitoba Hydro customer service line, and direct customer contact via Bill Management Services/District Office staff.

2.2.3 DEMAND SIDE MANAGEMENT (CONSERVATION)

Manitoba Hydro’s Lower Income Energy Efficiency Program (LIEEP) is recognized as one of the leading DSM program in Canada. In addition, during Manitoba Hydro’s recent Public Utility Board natural gas hearings the lawyer for the Consumers Association of Canada and the Manitoba Society for Seniors cited that LIEEP is “an amazing program”. Manitoba Hydro’s priority has always been to design and deliver a customer focused lower income energy efficiency program. The program takes a comprehensive and broad-based approach to achieving energy savings and assisting lower income consumers by leveraging the Residential Power Smart programs, the Affordable Energy Fund, the federal ecoENERGY program, provincial government programs and existing community-based infrastructure. The program includes basic energy efficiency items such as compact fluorescent lights and low flow showerheads, air sealing materials, insulation measures, and the replacement of standard efficiency furnaces with high efficiency furnaces. Currently, Manitoba Hydro has received over 1 300 applications to the program through the individual approach, and over 400 through the community approach. More than 500 of these customers have received high efficiency furnaces. Overall, LIEEP is a market leader and offers a sustainable energy bill reduction solution for customers through sustainable energy savings due to improved energy efficiency.

Current Marketing Activities include the following:

- Article in Manitoba Hydro’s Energy Matters (distributed in the bill) - September 2009
- Advertisements:
 - Manitoba Society for Seniors Magazine - September 2009
 - Fokal Magazine (Filipino Community Magazine) - September 2009
- Targeted Direct Mail Drops (on-going)
- Website
- Inbound calls to the Call Centre

2.2.4 RATE AFFORDABILITY

Rate affordability is the assessment of the energy burden of a consumer as a percentage of annual income, and is the underlying principle behind the components of arrears management, crisis intervention, and conservation & demand side management.

- **Rate discounts, waivers and cash subsidies:** In order to achieve rate affordability, other jurisdictional programs offer rate discounts, cash subsidies, and waivers to customers. In addition, some programs have formal arrears forgiveness policies in place where customers are not expected to pay more than a set percentage of their income. These programs are predominantly found in the United States and are typically co-funded between the utilities, rate payers, and State/Federal governments. The joint funding, along with a reduced social safety net in the United States as compared to Canada, makes it very difficult to make a fair comparison between the programs offered in the United States to those programs in Canada.

To determine the necessity of these activities, Manitoba Hydro has performed an overview of the market, including an assessment of energy burden and other bill assistance programs as follows in the next section.

3 MARKET ANALYSIS

In order to determine who our lower income customers are and how we might better serve them, Manitoba Hydro undertook a broad market analysis including a review of local energy burden data, and bill assistance programs offered in other Canadian and American energy jurisdictions. Most importantly, Manitoba Hydro engaged in discussions with stakeholders here in Manitoba to better understand our customers and the local marketplace. Below is a summary of some these finding:

3.1 DEMOGRAPHIC STUDY

Manitoba Hydro uses 125% of the federal government Low Income Cut Off (LICO) to define the lower income customer base. The following information summarizes the current demographic data on lower income households in Manitoba. Approximately 93 000 customers are directly paying their own utility bills and are within the LICO x 125% threshold, with approximately 70% owning their dwelling. The LIEEP does not include apartments and has a target market of approximately 76 000 households.

| LICO x 125% DWELLING TYPES* | | | |
|------------------------------------|---------------|---------------|---------------|
| | OWN | RENT | TOTAL |
| Single | 54 426 | 5 696 | 60 122 |
| Multiplex | 4 705 | 3 001 | 7 706 |
| Townhouse | 1 510 | 3 067 | 4 577 |
| Mobile | 2 993 | 507 | 3 500 |
| Subtotal (Net Apartments) | 63 634 | 12 271 | 75 905 |
| Apartment | 2 145 | 15 147 | 17 292 |
| Total | 65 779 | 27 418 | 93 197 |
| Total % Own | 71% | 29% | 100% |

*Based on 2003 data

The relationship between income and energy consumption was reviewed, and it was determined that there is not a clear relationship between income and energy consumption in Manitoba.

3.2 ENERGY BURDEN

Energy Burden is the percentage of household income dedicated to purchasing energy in order to power/heat the home. An analysis of LICO x 125% customer data from Manitoba Hydro's 2003 Residential Energy Use Survey (most recent data that links

consumption with income) was completed and the energy burden table below was produced to summarize the data. Customers are categorized by Heat Source which translates into electric or gas heat users. The Energy Cost column is based on average consumption and energy rates from 2003 to correspond with the customer data. For income, \$17 000 represents an estimated income threshold below which customers may begin to start accessing different forms of social assistance. The \$24 000 level represents the average income of Manitoba Hydro LICO x 125% customers. The Energy Burden column represents the percentage of customer income spent on their energy bill.

| Heat Source | Energy Cost | Income | Energy Burden |
|-------------|-------------|-----------|---------------|
| Electric | \$ 1,517 | \$ 17,000 | 8.9% |
| Electric | \$ 1,517 | \$ 24,000 | 6.3% |
| Gas | \$ 1,633 | \$ 17,000 | 9.6% |
| Gas | \$ 1,633 | \$ 24,000 | 6.8% |

- Please note energy cost and income are high level estimates. Energy burden for those making \$17 000 may be overstated as the “energy cost” numbers includes usage for single detached homes. It could be assumed that with a lower income there may be a higher probability of these customers living in smaller dwellings with lower energy bills. (eg. apartments)
- It should be noted that although this table portrays electric heat as less expensive than gas heat, customers with high efficiency and mid efficiency gas furnaces would actually have lower energy bills than their electric counterparts with all other home variables being equal. The discrepancy in this case is due to the fact the sample data included natural gas furnaces ranging from very efficient, to very inefficient, therefore, causing the average energy burden for natural gas heated homes to be higher than those of electrically heated homes.

The definition of what is deemed a reasonable energy burden varies throughout North America. The Low Income Energy Network (advocacy group from Ontario) recommends that consumers should not be paying more than 6% of their total household income on energy. In a recent Public Utility Board hearing Steven Weiss - expert witness for RCM/TREE provided the following:

Q. What do you recommend as a goal for a MH affordability program?

A. I recommend that a target for an initial affordability program should be to attempt as a minimum to limit the energy expenses of MH’s low-income customers to less than the severe energy burden, i.e., less than 15% of a low-income household’s income. Lower energy burden targets can be considered in the future. I should note that the home of a customer with a severe energy burden most likely is a good opportunity for DSM. A severe energy burden should be targeted through a combination of DSM measures, to reduce usage, plus bill-payment assistance.

In reviewing the energy burden of Manitoba Hydro’s lower income customers, it has been determined the energy burden is not at a crisis level. This does not mean that

there are not opportunities to lower these numbers and Manitoba Hydro will continue to work towards reducing the energy burdens of its customers

3.3 EXTERNAL RESEARCH

In developing this report, numerous stakeholders and interest groups, both local and national, were researched to gain insight into the issues facing lower income energy consumers. Special attention has been paid to local stakeholders during the review process to gain valuable feedback to aid in designing a program that will best serve Manitoba Hydro's lower income energy consumers. In addition, detailed findings have been highlighted from Ontario as the Ontario Energy Board (OEB) is in the process of reviewing the active bill assistance offerings available to Ontario residents. They provide meaningful program design insight while regulations may be slightly different in Ontario, the challenges facing their customers, as well as the design of their social assistance infrastructure is similar to Manitoba's. Finally, findings from Entergy, a US utility that is very aggressive in lower income programming, have been provided as it is viewed as one of the national leaders in bill assistance programming in the United States.

Below is a summary of the data collected from the sources listed above:

3.3.1 Manitoba Bill Assistance Stakeholders

During the program review process Manitoba Hydro representatives met with a number of local stakeholders including representatives from the Consumers Association of Canada, the Manitoba Society of Seniors, RCM/Tree, the Salvation Army, and Winnipeg Harvest. (See Appendix B for Stakeholder Group descriptions) Discussions focused on Manitoba Hydro's existing bill assistance programming and recommendations for future programming. Their feedback was compiled and is summarized below:

- Focus program resources on demand side management to aid in reducing customers' energy burdens as it offers the most sustainable approach when compared to reduced rates or financial assistance programs.
- Improve the follow-up process with program participants to ensure they stay on the right track.
- Strengthen the link between Manitoba Hydro programming and other community social programming to offer a more holistic approach to helping lower income Manitobans.
- Upgrade the educational component of the program to include information on energy efficiency, financial management, etc.
- Ensure the program has the ability to accommodate vulnerable clients. (ie. the elderly, socially disadvantaged, etc.)
- Implement some form of an arrears forgiveness program.
- Implement programming to support customers in rental properties.

3.3.2 Ontario Energy Board

The OEB is the entity in charge of regulating Ontario's natural gas and electricity industries. In July of 2008, the OEB started a consultation process to evaluate the issues Ontario's lower income energy consumers' face in relation to their consumption of natural gas and electricity. In February 2009, the "Staff Report to the Board" was issued based on the Board staffs' external research and stakeholder consultations. Subsequently, on March 10, 2009, the OEB issued its "Report of the Board: Low Income Energy Assistance Program" which laid out the framework for the implementation of a Low Income Energy Assistance Program (LEAP). To aid in the implementation process, the Board has formed two working groups to work on the Financial Assistance and Conservation components of LEAP. These undertakings were broad reaching, and provided the opportunity for several community stakeholders and lower income advocates to participate and provide feedback. While specific to Ontario, the feedback and recommendations from the reports can be directly related to issues facing Manitoba's lower income customers.

On September 8, 2009 the Deputy Minister of Energy and Infrastructure wrote to the OEB and requested that matters related to new support programs for low-income energy consumers not be put in place in advance of ministerial direction. Subsequently, on September 28, 2009 the OEB issued a letter to all natural gas and electricity distributors, participants in the consultation process and other interested parties indicating the above and that the OEB would be working with the Ministry of Energy and Infrastructure as it moved forward with its work.

High level findings from both reports include the following:

- Staff Report
 - Program Structure

In terms of program structure, the Board staff suggest many of the systemic energy affordability issues can be addressed through customer service measures and energy conservation measures, rather than providing subsidies in the form of ongoing bill discounts for all lower income energy consumers. They also agree that it is important all consumers are charged cost-based rates so the incentive to conserve is maintained. The option of "time of use" pricing is not supported as lower income households have the least capacity to shift their energy use. Therefore, it was agreed "time of use" pricing would not be a beneficial initiative for them. Board staff also believe it would be inappropriate for distributors to provide assistance to tenants whose energy costs are included in rent as there is no way to allocate bulk metered costs to individual tenants and because tenants are technically not customers of the distributor.

- Customer Service Measures

The Board staff encourage the implementation of a 21 day payment period, a “choose your own due date” option, and equal payment plans for lower income customers.

- Emergency Financial Assistance

The Board staff approve of the existing Winter Warmth model including the \$450 max payment, as well as the use of social agencies such as the Salvation Army to deliver the program. The Board staff also feels that it would be inappropriate for emergency assistance funding to be used to pay a security deposit back to the utility.

- Board Report

- Program Structure

The Board has agreed that LEAP will focus on three key areas that include temporary financial assistance, benefit of access to flexible customer service rules, and targeted conservation and DSM programs. The Board has also agreed on the following guiding principles including emergency funding to lower income customers should be increased, funding should be accessible on a province wide basis, funding should be available to both electricity and natural gas customers, distributors should develop partnerships with social service agencies, eligibility for the assistance program should be based on need as determined by a social service agency, the assistance program should not be overly costly or complicated to administer, and the assistance program should result in more effective and efficient handling of arrears management and disconnection. The Board also commented on other program design aspects including that it does not support the creation of a lower income rate group, it does not believe it is possible to have a precise definition of a “low income energy consumer” which would be valid at all times and all circumstances, eligible customers must be lower income and in need of assistance, and the eligibility screening is best left to social agencies and not the energy distributors. Finally, the Board supports the eligibility of condo and apartment dwellers participation in LEAP as long as they pay their own energy bills (ie. electricity is not included in their rent).

- DSM

The Board suggests that to be successful, any DSM program offered must be specifically tailored to the needs of the lower income target group.

- Customer Service Measures

- Billing and bill payment -- longer bill payment periods, faster repayment of over-billed amounts and instalment payments for under-billed amounts, monthly equal billing and other specific equal billing requirements.
- Disconnection -- a standard disconnection notice that includes information of particular relevance to lower income energy consumers, and a longer minimum notice period prior to disconnection.
- Security deposits -- a deposit waiver for lower income energy consumers that receive energy bill assistance and extended periods over which to pay required deposits in certain circumstances.
- Arrears management -- payment agreements that allow lower income energy consumers to pay arrears over an extended period.

- Emergency Financial Assistance

The Board agreed on distributors contributing 0.12% of their distribution revenues towards emergency assistance funding to be recouped through distribution rates.

3.3.3 Ontario's Winter Warmth Program

As mentioned above, Ontario's Winter Warmth is a fund designed for lower income families and individuals living at/or below the poverty line who have exhausted all other sources of financial support. Winter Warmth is coordinated by a network of community agencies lead by the United Way and is sponsored by Enbridge Gas Distribution. Joining Enbridge are: Burlington Hydro; Enersource Hydro Mississauga; Horizon Utilities; Hydro Ottawa Ltd; PowerStream; Toronto Hydro-Electric System Ltd; Union Gas; and Veridian Connections Inc. In their report, the OEB Staff approved of the use of the Winter Warmth program as a model for the Emergency Financial Assistance component for LEAP. (See Appendix C for a detailed summary of the Winter Warmth program)

3.3.4 Hydro Quebec Low-Income Payment Arrangements

Hydro Quebec offers payment arrangements to aid its lower income customers in managing their bills. The intent of the arrangements is to reduce customers' outstanding arrears as well as establish good payment habits for customers who have an inconsistent payment history. The terms of the arrangements can vary depending

on the level of customer need and can include a combination of the following initiatives:

- Waived administration charges
- Equal payment plans with terms up to 48 months
- Debt write-offs
- Assistance with current bills
- Progress reviews every 6 months

3.3.5 Entergy

Entergy is a US utility and delivers electricity to 2.7 million utility customers in Arkansas, Louisiana, Mississippi and Texas. Entergy has annual revenues of more than \$13 billion and approximately 14 700 employees. They are considered a leader in providing programming for lower income customers in the US and were recently awarded Chartwell's Best Practices Award for Serving Low-Income Customers for the utility's low-income customer service initiatives. Chartwell is an independent information services company that facilitates knowledge exchange among utility professionals. Some of the highlights from Entergy's program include the following:

- Widespread communication through summits, creating advocates and champions, as well as strategic buy-in from the corporation
- Their strategic focus includes:
 - Improve the flow of assistance funds to needy customers from all sources
 - Provide customers with tools to help manage their bills
 - Move low-income customers to self sufficiency
- Comprehensive Programming including:
 - Bill payment programs
 - Weatherization programs
 - Grant programs for non-profits

Western Australia:

In June 2007, the Minister of Energy in cooperation with the Premier, Treasurer and Ministers for Housing, Water, and Child Protection formed a working group whose purpose was to identify and report to the government of Western Australia on ways in which government owned essential service utilities, welfare agencies, and government agencies could further improve the delivery and coordination of essential services to the community's most financially and socially disadvantaged families. Key points that arose from the working group are as follows:

- Utility hardship refers to a customer having the intent but not the financial ability to pay their bill without affecting their ability to meet their individual or family's basic needs.

- The working group developed the idea of the shared responsibility model where utilities, the government, community groups, and customers all share the responsibility for assisting customers in financial hardship.
- The working group determined that it is the government's responsibility to provide the policy framework and programs to support customers, utilities, and NGOs to address utility hardship.
- Hardship regulation should not be prescriptive but outcome focused.

3.4 KEY LEARNINGS

The following key learnings have been summarized from the research. A list of utilities which Manitoba Hydro consulted, as well as numerous bill assistance studies that were analyzed during the review process can be found in Appendix D.

- A comprehensive energy assistance program should incorporate a combination of demand side management, bill management, financial assistance, and community support with the most emphasis being placed on demand side management initiatives as this provides the most sustainable return on investment.
- The most common challenge for energy assistance programs is generating awareness of the program to those that need the program the most. Other jurisdictions have developed aggressive marketing campaigns to target these customers.
- Energy assistance programs for lower income households should be designed, implemented and funded to provide a balance between those who most need assistance while maintaining social equity for the general body of rate payers.
- Defining eligibility is a critical component to energy assistance programs. The most common program eligibility criteria are income level and size of household. Crisis intervention assistance should be provided to vulnerable customers that genuinely cannot pay their bill.
- Energy consumption is not directly linked to income.
- Synergy with other government and non-government programs should be maximized and redundancy with other social welfare programs should be minimized. Roles and responsibilities should be identified between all organizations, including a well defined follow-up process to provide for optimum sustainability of assistance.
- The energy assistance program must be customer friendly and versatile enough to accommodate varied customer situations and needs.

4 Program Enhancement

In analyzing Manitoba Hydro's existing programs/activities and researching other affordable energy programming it is clear Manitoba Hydro currently offers comprehensive solutions to help our lower income customers to help manage their energy bills. What also has become clear is the general public, community stakeholders and the customers in need of assistance are not adequately aware of this programming. This same analysis has shown there are opportunities to further serve those customers that are most in need through a more aggressive emergency funding program. The underlying focus of the enhancement will be the amalgamation of Manitoba Hydro's existing bill assistance programming under a common umbrella to create a comprehensive multifaceted approach to bill assistance entitled the Affordable Energy Program (AEP) as described below.

4.1 AFFORDABLE ENERGY PROGRAM (AEP) OBJECTIVES

Manitoba Hydro has always been a strong supporter of community initiatives and continues to illustrate its commitment to the community with the evolution of its current bill assistance program offering. In line with Manitoba Hydro's Corporate Vision, the program is designed to promote customer satisfaction, as well as be considerate of the needs of Manitoba Hydro's lower income customers. Ultimately, the program enhancement is intended to produce a program that will satisfy the objectives outlined below:

The overall objective for the Affordable Energy Program is to improve the affordability of energy for lower income customers while maintaining efficient operations of Manitoba Hydro.

This objective will be achieved through the following strategies:

- Provide emergency assistance funding and related services to customers who are in a state of energy financial hardship and who display a genuine difficulty to pay their utility bills.
- Provide bill management options.
- Provide long term sustainable solutions for lower income customers.

Guiding Principles

Based on the above objectives, the following guiding principles were considered when developing the program enhancements:

1. The program must balance the needs of lower income customers against the needs of all ratepayers.

2. Eligibility for the program offerings must be clearly defined with emphasis on providing funding assistance to vulnerable customers that genuinely cannot pay their energy bill.
3. Government and other related non-government agencies must be involved in identifying gaps in current support systems for low income and vulnerable Manitobans.
4. There should be no redundancy or overlap with other social welfare and/or assistance programs, and utility funding should be used when other sources of funding are not available.
5. All potential customers and stakeholders must be aware of the Affordable Energy Programs, and other related programs that can assist customers in becoming self sufficient.
6. Roles and responsibilities must be clearly identified between Manitoba Hydro and all other stakeholders, and one organization must be identified as the key contact to the customer.
7. Energy affordability is part of a much larger and more complex social platform, and that in the US and other jurisdictions, federal, state/provincial and local governments, and other charitable and religious organizations also provide assistance.

4.2 PROGRAM DESIGN

In order to meet these objectives, Manitoba Hydro will enhance existing bill assistance and DSM programming, and capitalize and build upon its program partnerships. This will allow for a more holistic approach to bill assistance resulting in increased participation and reduced energy consumption. Below is a collection of tactics that will be utilized to facilitate this approach.

a) Refine eligibility criteria for Affordable Energy Program components

Currently, LIEEP eligibility is based on a household income threshold of LICO x 125%, which can provide a broad definition of eligibility for the overall Affordable Energy Program. However, more specific criteria that identifies a vulnerable customer must be established for bill management and crisis management assistance such as arrears forgiveness, negotiable reconnection fees, security deposits, and waiving of late payment charges. For example, a senior whose income falls below the LICO x 125% guidelines may be able to pay their bills because they have assets such as savings, which is not considered in the income threshold.

The criteria will enable the identification of customers who ***genuinely*** find it difficult to pay their utility bills, which in many cases may include elderly customers, those with disabilities, and socially disadvantaged persons. The most efficient way of

defining the vulnerable customer would be to tie qualification to an existing form of government assistance, such as disability benefits. This will be achieved through expansion of the aforementioned Manitoba Stakeholder Group to include other stakeholders that can further provide insight into social programming criteria. Further details of this group are found in section 4.2 (f). It is recognized that customers that are on Employment and Income Assistance (EIA) are already receiving assistance, as such should not be eligible for additional energy assistance funding through Manitoba Hydro's Affordable Energy Program.

b) Enhance Current Program Offerings

Although the current bill management offerings which exist within Manitoba Hydro have been identified in section 2.2 as comprehensive, the following program enhancements will assist Manitoba Hydro in reducing outstanding arrears related to vulnerable customers that are genuinely having difficulty paying their utility bills. This approach allows Manitoba Hydro to provide funding to go against outstanding arrears for those customers who genuinely need assistance, not those who choose not to pay, thus balancing energy assistance with fairness to all ratepayers.

i) Expand Bill Management tools

The enhancement of the current program offering will include the addition of two new bill management tools:

- **Implement a “Select your Own Payment Date” option**
 - This option would allow customers to set a preferred payment date to better coincide with their monthly income fluctuations designed to prevent unnecessary missed payments due to inadequate funds. For example, a lower income retiree could rearrange her payment dates to coincide with the arrival of her pension cheques.
- **Waive reconnection fees, security deposits and interest charges for NHN participants**
 - Manitoba Hydro will become more aggressive in waiving reconnection fees, security deposits and interest charges for NHN participants who have previously been disconnected but are now receiving an NHN subsidy. The waiving of the fees would be subject to the customer setting up a payment plan for future bills as well as any existing arrears, and would be consistent with the guiding principle of supporting those that are most vulnerable.

ii) Upgrade the NHN program to incorporate a form of arrears forgiveness for vulnerable clients

Consistent with the recommendations from the stakeholder group and other energy efficiency programming, Manitoba Hydro should improve and increase the flow of assistance funds to vulnerable customers that are most in need. The following enhancements will enable the Neighbours Helping Neighbours program to evolve into a more aggressive and proactive means of arrears forgiveness. At the same time, Manitoba Hydro is being efficient with its resources by using existing programming to administer the arrears forgiveness component, and being efficient with funding to ensure ratepayers are not negatively affected through subsidizing low income programming. Consistent with program principles, the target should be more narrowly defined than that of the LIEEP criteria of LICO x 125%, as it is intended that the program target customers that are most in need.

- **Increase the NHN grant limit per customer**

NHN grant amounts will increase from the current limit of \$300 to a higher limit of \$450, which is consistent with the Ontario Winter Warmth Program and will enable Manitoba Hydro to be more aggressive in reducing vulnerable customers' outstanding bills, ultimately reducing costly service cut-offs and uncollectable accounts which is costly to Manitoba Hydro.

- **Increase access to funding**

Allow customers to access NHN funding a maximum of two times with the following restrictions:

- First time participants will be subject to a standard eligibility criteria as developed from the outcome of previous eligibility recommendation
- Second time participants are subject to the standard eligibility criteria plus:
 - customer must have engaged in the activities laid out in the initial plan developed by themselves and the Salvation Army as part of their initial grant application, and
 - customers who qualify must be enrolled or have successfully completed participation in the LIEEP program.

- **Improve program effectiveness**

- By more clearly defining eligibility, Manitoba Hydro can begin more aggressively targeting these customers through their databases or by partnering with other organizations to identify the customers and proactively work with them.
- Implement a policy where NHN homeowner participants are contacted directly by LIEEP staff to determine whether or not they are eligible to participate in LIEEP. If they qualify, they will be strongly encouraged to participate in the program.
- Implement a six month follow-up policy to track customer activity following receipt of an NHN grant.

- Increase program awareness through a more aggressive marketing campaign as described in Section 4.5.

Through these augmentations to the NHN program the expectation is to increase participation by 50%. The increased dollar amount and frequency of this funding also provides a form of arrears forgiveness. It is estimated the current average customer arrears is approximately \$900. Providing access to payment options through Bill Management Services, as well as participation in LIEEP, will help NHN participants to lower their energy use and manage their bills in an extended effort to help them deal with their arrears issues.

There is no cap on funding for the NHN program and Manitoba Hydro has never turned down additional dollars to meet customer needs. This will remain the case for the enhanced program. Funding for the NHN program was approximately \$220 000 in 2008/09. It is estimated the augmented program will cost \$450 000 annually, primarily resulting from increased grant amounts and higher participation through improved program awareness. Should participation exceed estimates, funds will be made available.

Estimated Neighbours Helping Neighbours Annual Cost (representing approximately 0.08% of Manitoba Hydro's distribution revenue)

| | |
|--|-------|
| Maximum Grant Amount | \$450 |
| Estimated Participation - 50% increase | 708 |

| | | |
|---|-----------|------------------|
| <u>Program Costs</u> | | |
| Grant Cost | | |
| Manitoba Hydro Contribution | \$286 600 | |
| Public Donations | 32 000 | |
| Total | | \$318 600 |
| Administration Cost* | | \$121 875 |
| Marketing Costs** | | \$10 000 |
| | | |
| Total Estimated Annual Budget*** | | \$450 475 |

* Administration costs increased by 50% to correlate with increased participation

** Marketing costs are specific to promote NHN; additional marketing costs for promoting NHN, Bill Management and LIEEP programs as described in Marketing Strategy

*** Estimated cost to MH is \$450 475 - \$32 000 (Public Donations) = \$418 475

Funding for this program will continue to be built into operation and administrative budgets.

c) Incorporate Tenants who pay their utility bill into LIEEP Programming

Although the report does not directly serve the needs of customers living in rental properties, work has commenced on a landlord program that aims to encourage building operators to institute energy efficient measures in their properties to help reduce energy burdens faced by the building tenants who are responsible for their own utility bills.

d) Elimination or reduction of basic monthly charge

As part of its next electric and natural gas rate change proposals, Manitoba Hydro will be proposing to reduce and possibly eliminate the basic charge. The basic charge originated out of the minimum bill concept many years ago and was intended to ensure that customers contributed a reasonable amount toward the fixed costs of the utility. The basic charge results in a higher average cost of energy for low energy users than for high energy users. Lower income customers are disproportionately renters and disproportionately live in apartment type dwellings, especially in the central core of Winnipeg. In turn, these apartments have lower average use than single family residences, resulting in them being exposed to a higher average cost of energy.

Reducing or eliminating the basic charge results in a revenue deficiency which would be mainly transferred to the inverted tail block. Viewing customers as three groups assists in reviewing the impact of the proposal. Customers with limited energy use will realize all or most of the benefit of the elimination of the basic charge. As they do not consume enough to reach the higher priced tail block, they will incur little of the offsetting increase. Customers with large energy use will not only repay their own reduced basic charge, the inverted tail block will also recover most of the revenue needs to offset the low users. Average use customers will essentially repay the basic charge through their limited tail block use. The exact 'winners and losers' will depend both on final rate design and by usage modifications by consumers after the rate change.

The rationale for a universal change to the basic charge is two fold. First it eliminates the large administrative expense associated with establishing and monitoring income screening for low income consumers which is also intrusive to privacy. Second, all consumers can benefit from this strategy to the extent that the revenue currently collected through the basic charge will become part of the conservable portion of the bill. It also accelerates the inverted rate benefits that will encourage all Manitobans to conserve energy, resulting in reduced energy bills, lower green house gas emissions, and reduced energy burden.

As well, this strategy can positively benefit all lower income Manitobans. As noted, lower income customers with lower energy use due to the size of their home will immediately receive the benefit of the elimination/reduction of the basic charge (and will not be required to wait for landlord controlled energy efficiency initiatives). Lower income Manitobans with large, drafty, inefficient homes that fall within the

larger use and therefore inverted tail block, can upgrade the efficiency of their home through the Lower Income Energy Efficiency Program.

e) Other options considered but not recommended

Rate discounts, waivers, and cash subsidies

Previous sections have demonstrated that Manitoba Hydro has strong programming for bill management and low income DSM program and that the energy burden in Manitoba is not in a crisis situation. Rate affordability amongst most vulnerable customers will be achieved by making current programming and marketing more aggressive. Other jurisdictions have identified the complexity associated with the specific rate discounts, waivers or cash subsidies. Reducing rates for lower income customers has been criticized due to the fact that it does not encourage energy conservation as a result of lower rates being charged on current consumption.

In the absence of using existing criteria set by other Manitoba programs, Manitoba Hydro would need to implement its own screening which would be very costly to administrate. In addition, it may be criticized that the current eligibility criteria of LICO x 125% is too broad and enables customers that can pay their bill to benefit from the reduced rate design. For example senior citizens who own their residence free and clear may fall within the household income guidelines, but might not qualify if the value of their assets is considered when determining their eligibility.

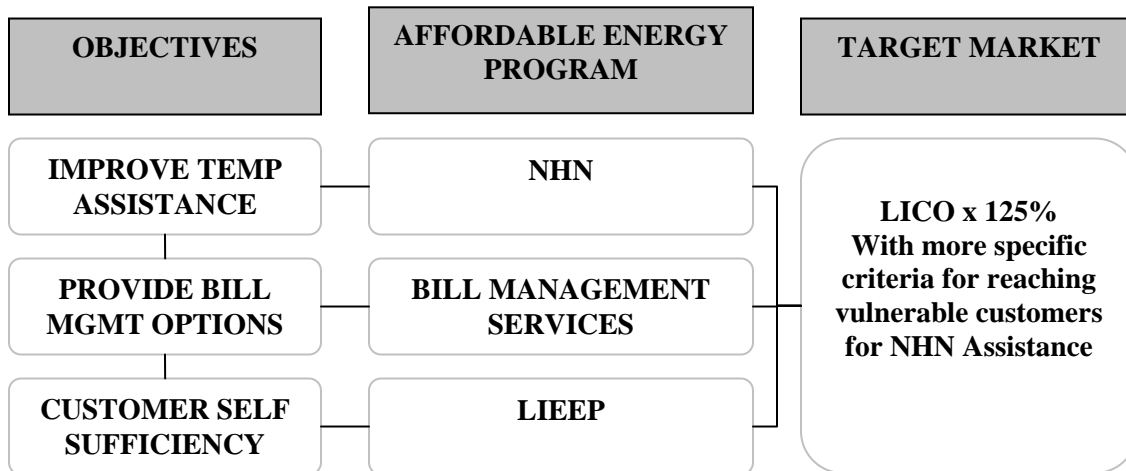
It is recommended that Manitoba Hydro not introduce other subsidies or waivers associated with lower income customers at this time. Manitoba's energy burden is not in a crisis situation. Manitoba Hydro's current programming is strong, and as identified in previous sections, the programming and marketing will be enhanced to ensure better penetration of the program which will reduce the energy burdens of Manitoba Hydro's lower income customers.

f) Consolidate and improve interaction between internal programs

The AEP is intended to help bridge the gaps between the internal programs, with the ultimate goal of having the program teams working together to create customized solutions for program participants to aid them in managing their bills and reducing their energy burdens. Below is a table outlining the three key components of the AEP and the program objectives they are designed to satisfy. NHN will focus on providing temporary financial assistance, as well as reducing outstanding arrears. Bill Management Services will focus on providing customers with tools such as equal payment plans or pick your payment date options to help them better manage their energy bills. The Lower Income Energy Efficiency Program will anchor the overall AEP offering sustainable energy efficiency solutions to help customers move towards

self sufficiency in terms of reducing their energy burdens and managing their energy bills.

AFFORDABLE ENERGY PROGRAM OVERVIEW



g) Strengthen interaction between the Affordable Energy Program and other stakeholders

Manitoba Hydro has a strong history of collaborating with various Government, Social and Community organizations including the Salvation Army which is responsible for operating the NHN program. Manitoba Hydro already refers a large number of customers to various program partners to seek aid that falls outside Manitoba Hydro's scope of assistance. The AEP team has identified the opportunity to gain valuable referrals from its program partners by actively encouraging them to include AEP as part of their toolkit used in assisting their clients facing financial hardship. Increasing two-way communication between the AEP team and the program partners will promote broad, all encompassing solutions for those Manitoban's most in need.

- **Expand Bill Assistance Working Group and Subsequent Summit**

It is recommended that Manitoba Hydro expand the existing Manitoba Bill Assistance Stakeholder Working Group to include government officials and other stakeholders with expertise in social programming. One of the first mandates of this group will be to clearly define who is a vulnerable customer and link this to an existing form of government assistance as discussed in section 4.2(a). In addition, this group will provide on-going assessment to improve targeting of customers with the highest energy burdens and help more vulnerable consumers get the support they deserve. Furthermore, this group will clearly communicate, for greater common

understanding, the roles and responsibilities between all partners, promoting the outreach and proactive targeting of this group. After the working group has developed its recommendations, an Affordable Energy Summit should be held to announce program criteria and components.

The Summit will also promote further understanding of other provincial programs such as the Employment and Income Assistance Program (EIA) and Manitoba Housing programming and eligibility criteria keeping with the guiding principle of not being redundant with funding.

4.3 EDUCATION

Education will be a valuable component of the Affordable Energy Program, not just education of the customer, but also education of the service providers and program partners. Other successful programs such as Entergy's Lower Income Program have shown that energy efficiency programs increase energy savings and enhance the persistence of savings by providing customer education and training to staff. Education also helps the customer feel more committed to the program and gives the customer a degree of control over their energy usage and related savings.

The following enhancements will be introduced into the Affordable Energy Program:

a) Develop a team of “Affordable Energy Champions”

A team of “Affordable Energy Champions” comprised of key staff within Manitoba Hydro and program partners will be developed. The team will be trained on the key components of the program through a “train the trainer” model. Through this network, opportunities for community educational workshops will be identified where information can be disseminated.

b) Develop supporting customer educational materials

Supporting materials will be developed to provide an overview of the Affordable Energy Program along with information on energy efficiency tips and bill management options.

c) Develop an educational component related to renting

An educational component specifically targeted to lower income tenants/owners who pay their own utility bills, similar to the “before you rent” campaign in Quebec will be developed to act as a preventative measure to help customers avoid renting accommodations with energy bills that do not fit their budget.

d) Investigate tenant/owner led neighbourhood education programs

Consultations with community groups will take place to determine other educational opportunities specific to lower income neighbourhoods where tenant/owner led neighbourhood “Affordable Energy Action Plans” may be developed, similar to tenant led community animation models that have been developed in Ontario through the involvement of the Toronto Environmental Alliance (TEA).

4.4 PROGRAM MARKETING

It will be critical to build awareness of the comprehensive Affordable Energy Program through a solid marketing strategy. Manitoba Hydro must understand and identify the lower income market segment, and promote the program in a way that will minimize barriers and maximize participation. The following provides a summary of the marketing strategy steps that will be taken to implement the strategy.

4.4.1 Marketing Objective

The marketing objective of the Affordable Energy Program is to increase awareness and participation in Manitoba Hydro’s Affordable Energy Program resulting in reduced energy burdens for lower income Manitobans.

4.4.2 Target Market

The target market for Manitoba Hydro’s Affordable Energy Program is lower income households (LICO x 125%) that are struggling with managing their energy bills. The key barriers related to participation in lower income programs include language barriers, and general lack of awareness of energy conservation or bill management options. Within this wide target market, specific market segments will be identified as described in the Marketing Research section to follow in the report.

4.4.3 Marketing Strategy

The marketing strategy for the Affordable Energy Program will be to create a simple yet compelling umbrella campaign that positions the “Affordable Energy Program” as an easy way for Manitobans to save energy and manage their utility bills. The common bond between all program communications will be the elements of reliability and trust, which will be communicated by personalizing the “Affordable Energy Program” as caring, considerate, approachable, friendly and knowledgeable. Under this umbrella, targeted messaging will be developed to address the needs of individual market segments.

The following describes tactics that will be used in delivering the marketing strategy.

a) Enhance Manitoba Hydro Communications: Increased awareness of the Affordable Energy Program will be achieved through the following communication vehicles.

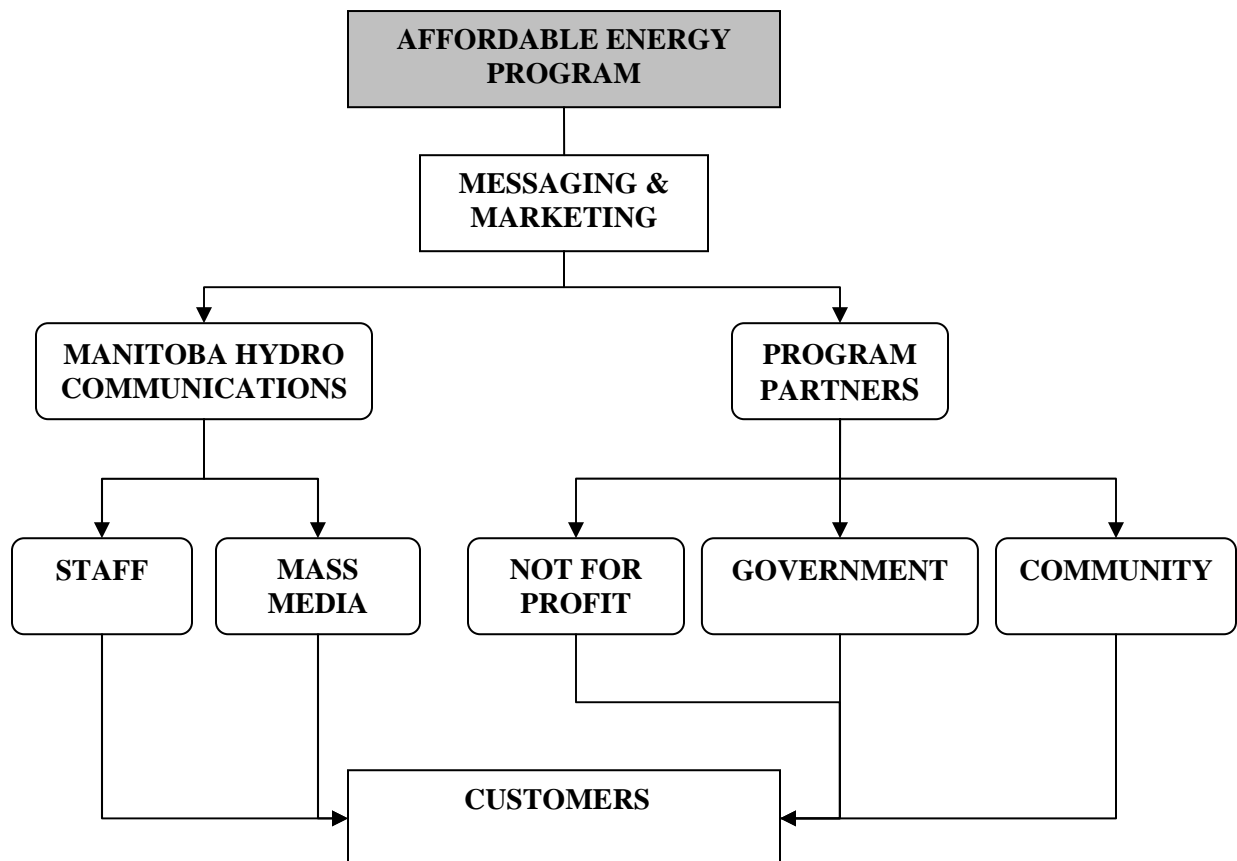
- Mass Media:
 - Mass media will be used to communicate the Affordable Energy Program offering to the lower income market, with special focus on using media vehicles that can reach the identified market segments which may include community newspapers, targeted magazines/newsletters, and radio.
 - Supporting promotional materials may consist of bill inserts, Manitoba Hydro website, brochure/donation forms available at Manitoba Hydro offices, and messages heard while “on hold” when calling the Manitoba Hydro customer service line.
 - Targeted activities such as promotional brochure drops and presentations will take place in communities/areas with high penetration of lower income households.
- Manitoba Hydro Staff:
 - As indicated earlier, a dedicated team of “Affordable Energy Champions” will be developed within Manitoba Hydro which will consist of representatives from all departments which interact with lower income customers including: Bill Management Services, Call Centre, District Offices, and the Affordable Energy Unit. Additional training will be provided for these key staff members, who in turn, will train staff within each department to ensure the program offerings are communicated to all customers at all relevant opportunities.

b) Strengthen marketing support from program partners:

- The use of trusted sources in the community is common amongst other jurisdictional lower income programming and has been affirmed as an important strategy by stakeholders to deliver messages to lower income customers. Therefore, in addition to targeting the ultimate lower income customer, it will also be important to increase the awareness of the Affordable Energy Program to potential program partners who can promote the program. Manitoba Hydro will attend low income conferences and events throughout the province to promote the program to other stakeholders. The objective will be to broaden the team of “Affordable Energy Champions” to include external stakeholders that can act as ambassadors to promote the program, and provide constant reinforcement of bill management and energy efficiency behaviours. Program partners will disseminate AEP promotional materials to their clients and provide specific offerings tailored to meet their clients’ needs.

- Program partners will include the following:
 - Not for Profit Groups (NGO's): such as Habitat for Humanity, Winnipeg Harvest, Winnipeg Foundation, United Way, and Salvation Army will be instrumental in promoting the program to lower income Manitobans with whom they already interface.
 - Government Services: such as the Province of Manitoba Public Trustee, Winnipeg Housing & Homelessness Initiative, and Manitoba Housing Authority.
 - Community Groups: such as the Westminster Housing Society, Spence Neighbourhood Association, Thompson Neighbourhood Renewal Corporation, Dakota Ojibway Tribal Council Housing Authority, and the North End Housing Project.
 - Private Sector: corporations and retailers, such as Giant Tiger, that service lower income customers will also be approached to distribute supporting materials, such as brochures and posters, to their customers.

The chart below demonstrates the Affordable Energy Program umbrella marketing strategy that will be communicated through various marketing tactics.



4.4.4 Marketing Research

Both quantitative and qualitative research will assist in developing communications that provide compelling messaging to appropriate market segments, as recommended below.

a) Undertake an additional demographic study

Manitoba Hydro will undertake an additional demographic study that will strive to provide more detailed information on the number of lower income consumers, family size, income levels, types of heating equipment, types of housing, target market geographical information, and any relationship that may exist between income and consumption. Based on the results of the demographic study, the lower income market will be divided into market segments which will be used to further tailor messaging and media vehicles to reach these market segments.

b) Perform informal qualitative “focus group” sessions

Qualitative research will be performed with specific market segment program partners and lower income customers to determine the most compelling key messages that will gain attention, provide relevance and foster trust. In addition, the current name of "Lower Income Energy Efficiency Program (LIEEP)" program will be tested with program partners and customers to ensure the reference to “lower income” is not a negative barrier to participation. The reference to “lower income” may be a potential barrier to certain target populations, especially seniors who do not see themselves as lower income, or the working poor, who do not think LIEEP is accessible to them if they have a job.

4.5 PROGRAM EVALUATION

In order to ensure the new Affordable Energy Program meets the objectives previously set out in the report, tangible measures will be defined. The following provides some of the criteria that will be used to assess the success of the program, and provide ongoing measurement and evaluation:

a) Neighbours Helping Neighbours Program

- Number of people helped
- Number of grants distributed
- How many referrals given
- Program donation amount
- Track communications and response rates

b) Bill Management

- Number of people helped
- Number of referrals given
- Disconnections prevented
- Change in average outstanding balance and write-offs

c) LIEEP

- Calls to contact centre
- Number of pre-renovation audits complete
- Number of post-renovation audits complete
- Number of applications received
- Number of retrofits complete
- Energy savings
- Customer satisfaction

5 CONCLUSION

As indicated in Manitoba Hydro's initial report, the issues surrounding the development of programming to meet the needs of lower income customers are complex and far reaching. Based on the findings of this report, the best response will involve the cooperation of Manitoba Hydro and its program partners to work together to provide a sustainable and holistic solution for these customers.

The program design has incorporated feedback from a number of local and industry stakeholders. The program's key focus is on demand side management through energy efficiency measures and customer education. The program design also places emphasis on developing a network of program partners that in conjunction with Manitoba Hydro staff, will provide educational opportunities, accommodate vulnerable clients, facilitate customer follow-up and provide numerous points of entry to access Manitoba Hydro's bill assistance offerings. Based on industry feedback, the program also aims to provide assistance with outstanding arrears through grants from the Neighbours Helping Neighbours program.

Research has shown that one of the most common problems facing Manitoba Hydro's existing programming as well as bill assistance programs throughout the industry is lack of awareness. In response, great effort has been put into designing a marketing approach that will increase overall program awareness and will be closely monitored to ensure its effectiveness. The updated program design provides sustainable bill relief to customers while providing them with the tools and resources to effectively become self sufficient in managing their energy bills. While other programs offer programming similar to what is tabled in this report, Manitoba Hydro's program is one of the few that incorporates all three disciplines of demand side management, bill management, and emergency financial assistance into one holistic approach. The program enhancement also incorporates as many existing resources as possible in an effort to be cost effective and speed program implementation..

Through this programming Manitoba Hydro will continue working with the many stakeholders throughout Manitoba in providing energy solutions to our lower income customers.

APPENDICES

APPENDIX A - NEIGHBOURS HELPING NEIGHBOURS

APPLICATION PROCESS STEPS

- 1) Manitoba Hydro staff members who follow up on outstanding accounts refer customers experiencing an emergency or hardship to the NHN program for support during times of need.
- 2) Customer contacts NHN through the Salvation Army. The Salvation Army contact prequalifies the customer and makes arrangements for an in-person consultation.
- 3) All applicants are interviewed by one of the Salvation Army's Program Coordinators (Offices located in Winnipeg, Brandon, Dauphin, Portage La Prairie, Flin Flon, and Thompson) and are provided with referrals to other community social programs. It should be noted that a study conducted by the Salvation Army reported up to 80% of NHN participants did not use the referrals provided to them. This will need to be addressed when a formal Bill Assistance Program is implemented.
- 4) Based on the consultation, the grant is either approved or rejected.
- 5) If approved, the Program Coordinator will contact the local Manitoba Hydro office to indicate the customer will be receiving a grant under the program and to stop the disconnection of services until the customer is able to make alternate arrangements to resolve the outstanding balance. If rejected, the customer is referred back to the Manitoba Hydro District Office or Bill Management staff to make alternative payment arrangements.
- 6) For successful applicants, the grant is credited directly to their Manitoba Hydro account. Payment plans are put in place on any remaining account balances.

APPENDIX B - LOCAL STAKEHOLDER GROUP DESCRIPTIONS

Consumers Association of Canada

The Consumers' Association of Canada is an independent, non-profit, volunteer organization dedicated to educating and informing consumers, and to representing the best interests of consumers to all levels of government and to all sectors of society. Established in 1947, CAC Manitoba is governed by an elected Board of Directors. They strive to empower consumers to make informed choices by providing access to resource information and other educational material, as well as acting as a referral agency.

The Manitoba Society of Seniors

The Manitoba Society of Seniors (MSOS) was created to represent Manitobans aged 50+ by promoting their needs and concerns, and by presenting a positive image of older adults in the community. The organization was started by a group of older Manitobans in 1979 who felt there was a need for a united voice on issues affecting them.

RCM (Resource Conservation Management)/Tree

Households, workplaces, schools, and communities look to RCM for practical information on active transportation, composting, waste reduction and resource conservation. They work with partners and community networks to identify down-to-earth, everyday solutions to climate change, traffic congestion, overconsumption and waste.

The Salvation Army

The Salvation Army is an international Christian organization that began its work in Canada in 1882, and has grown to become the largest non-governmental direct provider of social services in the country. The Salvation Army offers practical assistance for children and families, often tending to the basic necessities of life, provides shelter for homeless people and rehabilitation for people who have lost control of their lives to an addiction. At the current time, the Salvation Army is in charge of administering Manitoba Hydro's Neighbours Helping Neighbours (NHN) program to those customers who require temporary financial assistance to help pay their natural gas or electric bill.

Winnipeg Harvest

Winnipeg Harvest is a non-profit, community-based organization that collects and shares surplus food with people who are hungry. The goal of the organization is to eliminate the need for food banks in our community.

APPENDIX C - WINTER WARMTH PROGRAM SUMMARY

The Winter Warmth program is a fund designed for low-income families and individuals living at/or below the poverty line who have exhausted all other sources of financial support. Winter Warmth is coordinated by a network of community agencies lead by the United Way and is sponsored by Enbridge Gas Distribution. Joining Enbridge are Burlington Hydro, Enersource Hydro Mississauga, Horizon Utilities, Hydro Ottawa Ltd, PowerStream, Toronto Hydro-Electric System Ltd, Union Gas, and Veridian Connections Inc..

Qualifying households are eligible to receive grants of up to \$450 once every 12 months. To be eligible for the program, a customer's net household income (including employment income, regular family support payments and Child Tax Benefit, but excluding universal child care benefits and Working Family Supplement) must be equal to or less than the Low Income Cut-Off (LICO), plus 15%. The customer must have also received a disconnection notice or have already been disconnected, or are in arrears for their energy bills, or are confronted as a result of special circumstances such as illness or job loss or other issues with the prospect of being unable to pay their energy bill. Finally, the customer must have exhausted all other sources of financial support.

Upon successful completion of the application process, funds are credited directly towards the heating bill. Grant levels are set at a maximum of \$450 per family. If the applicant owes less than \$450, the grant cannot exceed the amount owed. If the applicant owes more than \$450, a maximum grant of \$450 may be provided so long as the client will be able to sustain their energy costs following the grant. Options available for clients who owe more than \$450 to sustain their energy costs include negotiating a mutually agreed upon payment plan with the utility for the balance owing and/or supplementary assistance through other emergency funding for the balance.

Note: Applicants are assessed to ensure that a grant will result in a sustained benefit to the client. Clients who are deemed unable to sustain their energy costs following a grant will not be eligible.

APPENDIX D - RESEARCH SOURCES

Entergy

- http://www.entergy.com/our_community/low_income.aspx

Ontario Energy Board

Below are links to the Report of the Board, Staff Report to the Board, as well as Stakeholder submissions released both prior to and after the release of the Staff and Board reports:

- [Report of the Board](#)
- [Staff Report to the Board](#)
- [Stakeholder Submissions](#)

Reports

- A Ratepayer Funded Home Energy Affordability Program For Low-Income Households: A Universal Service Program for Ontario's Energy Utilities (Roger D. Colton - 2006)
- A Review Of Low Income Energy Assistance Measures Adopted In Other Jurisdictions (Concentric Energy Advisors - 2008)
- Evidence of Steven Weiss - Consultant on behalf of Resource Conservation Manitoba and Time to Respect Earth's Ecosystems (2008)
- Time For Action: Background Paper (Green Communities Canada - 2008)
- Winter Warmth 2007/2008 Final Report (Neighbourhood Information Post)

Utilities Researched

The following utility's Bill Assistance Programs were researched during the writing of the report:

- Ameren Illinois Utilities
- BC Hydro
- Clark Public Utilities
- Direct Energy
- Dominion Virginia Power
- Enbridge
- EnviroCentre
- Hydro One Networks

- Hydro Quebec
- NV Energy - Energy Assistance Expo
- Pacific Gas & Electric
- PSE&G
- San Diego Gas & Electric
- Sask Power
- Seattle City Light
- Terasen Gas
- TXU Energy
- Union Gas
- Chartwell Researcher