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November 1, 2024

Mark D. Marini, Secretary
Department of Public Utilities
One South Station, 3rd Floor
Boston, MA 02110

Re: ***Notice of Inquiry by the Department of Public Utilities on its own Motion into Energy Burden with a Focus on Energy Affordability for Residential Ratepayers,*** **D.P.U. 24-15**

Dear Secretary Marini:

The Office of the Attorney General ("AGO") submits these Comments in response to the questions in the Department of Public Utilities' ("Department") September 12, 2024 Interlocutory Order.

The AGO appreciates the Department's consideration of the many challenges related to energy affordability and looks forward to continuing to engage with the Department and stakeholders throughout this inquiry. As stated in the cover letter to the AGO's Initial Comments, before the AGO endorses a specific program or rate design, the AGO will need to closely review program details, costs, and bill impacts.

Thank you for this opportunity to offer responses to the questions raised in the Interlocutory Order.

Sincerely,

/s/ Jessica R. Freedman
Jessica R. Freedman
Julian Aris
Assistant Attorneys General

Enclosures

cc: Laurie Ellen Weisman, Hearing Officer
Service List

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF PUBLIC UTILITIES

Notice of Inquiry by the Department of Public Utilities on its own Motion into Energy Burden with a Focus on Energy Affordability for Residential Ratepayers	**D.P.U. 24-15**

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing documents upon all parties of record in this proceeding in accordance with the requirements of 220 C.M.R. 1.05(1) (Department's Rules of Practice and Procedure). Dated at Boston this 1st day of November, 2024.

/s/ Jessica R. Freedman
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B. TDR details with target energy burden

B.1. What target level of total household energy burden below six percent should a TDR be designed to achieve to provide a benefit to the highest number of customers? How should the energy burden target be shared by gas versus electric costs? How should it be shared by heating versus non-heating costs?

To achieve an affordable energy burden for customers, the Attorney General's Office ("AGO") recommends building additional granularity and precision into low-income discount rate ("LIDR") design by incorporating certain non-income factors that provide a more comprehensive understanding of each household's financial situation and needs into the discount rate calculus. This will help to better match the amount of assistance provided to each household's actual need. The AGO recommends the following two strategies for considering non-income characteristics in the discount rate calculations: (1) implementing consumption tiers that operate in conjunction with the income tiers to create a discount matrix that determines the appropriate discount rate that households within each "cell" will require to achieve an affordable energy burden; and (2) the implementation of income disregards to account for certain expenses and circumstances that will reduce what a household might otherwise be able to afford to spend on energy.

As the AGO noted in its Initial Comments, when a Tiered Discount Rate ("TDR") is selected over a Percentage Income Payment Plan ("PIPP"), one of the things that is sacrificed is the precision that a PIPP offers. Under a TDR, not all households achieve the target affordable energy burden. Consumption tiers and income disregards are two ways to reduce this problem and to enhance LIDR rate precision and granularity—*i.e.*, to improve the TDR's ability to capture the range of circumstances that impact each individual household's affordable energy burden. The AGO discusses the details and necessity of implementing consumption tiers further in its responses to Questions B.4. and B.6. and addresses income disregards below.

Income disregards. Income disregards are a way to recognize a household's gross income does not in itself determine a household's affordable energy burden. Income disregards distinguish a household's "countable income" for the purposes of an affordability program from the household's gross income by considering certain categories of unavoidable expenditures that reduce the household's countable income.[1] The AGO noted in its Initial Comments that income disregards could be a mechanism to account for delivered fuel costs for households that heat using delivered

[1] *See* AGO Initial Comments, at 3–4 ("For the purpose of determining eligibility and the amount of assistance a ratepayer would receive under a PIPP, income disregards exclude certain sources of income, and certain expenses are deducted from a household's income …Within the context of a TDR, income disregards for delivered fuel expenses (and/or for factors like particularly inefficient heating systems and particularly poor insulation) could help ensure that participants are placed into an appropriate tier and that they receive an appropriate level of discount consistent with their actual energy burden (as opposed to meeting only theoretical needs as determined by household income as the single dispositive metric).").

fuels (e.g., heating oils).[2] Delivered fuels are more expensive than natural gas or electric heating, and recent data shows that 27 percent of Massachusetts residents use delivered fuels to heat their homes.[3] However, because the distribution companies are not delivering these fuels, they are not well situated to track these costs or the impact of delivered fuel costs on household energy burdens. Incorporating income disregards into the LIDR design would create a mechanism for these households to report these costs, and an appropriate, commensurate amount could be subtracted from the household's gross income for the sake of calculating that customer's income tier within the LIDR program. Such an approach would enable more households to achieve an affordable energy bill. By adjusting the amount of assistance provided based on a household's actual needs, income disregards also facilitate a more efficient use of resources for purposes of maximizing the number of households that achieve an affordable energy burden level as compared to an approach that sets the "target" energy burden for the median income customer in each discount tier at some point under the affordable energy burden level in order to increase the number of lower-income and/or higher-consumption households able to achieve an affordable energy burden.

Several programs successfully use income disregards, and can provide guidance on how best to design income disregards to avoid loopholes, through which higher-income households can access low-income benefits.

Income disregards have been successfully used for programs such as Medicaid and the State Children's Health Insurance Program ("SCHIP")[4] to the Supplemental Nutritional Assistance Program ("SNAP," formerly the Food Stamp Program).[5] The Center on Budget and Policy Priorities notes that "[d]eductions play an important role in determining SNAP benefits. They reflect the fact that not all of a household's income is available for purchasing food; some must be used to meet other needs."[6] SNAP, for example, permits the following deductions that merit consideration in the energy affordability program context:

- *dependent care deduction* for the out-of-pocket childcare or other dependent care expenses that are necessary for a household member to work or participate in education or training;
- *child support deduction* for any legally obligated child support that a household member pays;

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[2] *Id.* at 3.

[3] *Id.* (citing the Energy Information Administration, *U.S. State, Massachusetts, State Profile and Energy Estimates*, https://www.eia.gov/state/?sid=MA#tabs-5).

[4] Donna Cohen Ross et. al, *Determining Income Eligibility in Children's Health Coverage Programs: How States Use Disregards in Children's Medicaid and SCHIP* (last modified May 2008) https://www.kff.org/wpcontent/uploads/2013/01/7776.pdf.

[5] The Center on Budget Policy and Priorities, *A Quick Guide to SNAP Eligibility and Benefits* (last modified Oct. 2, 2023) https://www.cbpp.org/research/food-assistance/a-quick-guide-to-snap-eligibility-and-benefits.

[6] *Id.*

- *medical expense deduction* for out-of-pocket medical expenses greater than $35 a month that a household member who is an older adult or has a disability incurs; and
- *excess shelter deduction*[7] set at the amount by which the household's housing costs (including utilities) exceed half its net income after all other deductions.[8,9]

Target level of total household energy burden. The goal of LIDR design should be to bring participating households' expected *total* energy burden to an affordable level—i.e., to bring each household's total annual spending on all energy to 6 percent or less of annual household income. It is likely that there will need to be some variation in how this 6 percent total is split between a target gas service burden and a target electric service burden, as usage patterns and the relative volumetric costs of each service vary across the Commonwealth. The AGO therefore recommends that the Department direct the distribution companies to work within and amongst themselves, with input from interested stakeholders, to determine how the cost burden is split between gas and electric services in each locale based on each locale's usage patterns and costs of service.

B.2. What are the advantages and disadvantages of using percentage of AMI versus percentage of SMI for determining eligibility and tiers?

As the AGO noted in its Initial Comments, using Area Median Income ("AMI") to determine LIDR eligibility thresholds has the advantage of better accounting for the substantial geographic variation in cost of living across the Commonwealth.[10] Research has shown that geographic-based

[7] Consideration should be given to designing some guard rails around use of the excess shelter deduction to ensure that higher-income households that have opted to commit a particularly substantial fraction of their income to purchasing or renting a home from using the deduction as a "loophole" to access energy affordability program benefits.

[8] The Center on Budget Policy and Priorities, *A Quick Guide to SNAP Eligibility and Benefits* (last modified Oct. 2, 2023) https://www.cbpp.org/research/food-assistance/a-quick-guide-to-snap-eligibility-and-benefits.

[9] Housing costs are particularly high in Massachusetts which makes this income disregard more significant than it may be in other states. As recently as July 16, 2024, Massachusetts had the third highest median home price and monthly mortgage payment. Sury Chakraborty, *Report: Mass. has the 2nd highest cost of living in the US* (last modified July 16, 2024) https://www.boston.com/real-estate/real-estate/2024/07/16/massachusetts-ranked-2nd-highest-cost-living/#:~:text=The%20report%20used%20data%20from,Not%20enough%20listings%20for%20dataset.

[10] AGO Initial Comments, at 5 (citing the Housing and Urban Development Regional Housing Services Office, *FY 2023 Section 8 Income Limits* https://www.rhsohousing.org/sites/g/files/vyhlif421/f/uploads/2023_income_limits_ma_5.15.23.pdf) (noting that "the 2023 eighty percent AMI for a family of four in Berkshire County was $79,700, compared to $118,450 in Boston.").

differences in median income, while not perfect predictors, are correlated to the cost of living.[11] Tying the income eligibility threshold and discount levels to AMI would therefore be more tailored to actual cost of living in particular areas. The AGO recommends that the Department consider an eligibility threshold that considers AMI.

The best way to use AMI in LIDR programs is as an additional income tier in the TDR that (1) only impacts income-qualified customers in areas where 60% AMI is higher than 60% SMI, and (2) only impacts households within the 60% SMI – 60% AMI income range. The TDR should be designed to grant eligibility to all households with incomes at or below 60% SMI or 60% AMI, whichever is greater. With this design, households that are currently eligible for the LIDR will not lose eligibility. This approach also has the advantage of leaving other income tiers in place, which means that data sharing and automatic enrollment verification approaches can continue.

The AGO notes that this recommendation to add a tier for customers who fall within 60% SMI to 60% AMI may require a statutory change. The present statute authorizes discounted rates to households who qualify for other means-tested benefits, including LIHEAP.[12] To the extent that 60% AMI exceeds the eligibility levels for LIHEAP and the other means-tested benefits delineated in the statute, a legislative change may be necessary to allow the Department to issue an order directing the distribution companies to create LIDRs with an eligibility threshold at 60% SMI or 60% AMI (whichever is greater).[13] Notably, Section 48 of Senate Bill 2967 (*An Act Promoting a Clean Energy Grid, Advancing Equity and Protecting Ratepayers*), currently awaiting final passage in the Legislature, would amend G.L. c. 164, § 1F(4)(i) to obligate the Department to require the distribution companies to also provide discounted rates for "eligible moderate income customers."[14]

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[11] L. Bauer, et al., *Where Work Pays: How Does Where You Live Matter for Your Earnings* (last modified July 2018) ("Figure 4 shows median annual earnings versus cost-of-living index by location and region. Note the clear upward sloping relationship: higher-earning areas (the x-axis) tend to be those with higher cost of living (the y-axis).") https://www.hamiltonproject.org/publication/paper/where-work-pays-how-does-where-you-live-matter-for-your-earnings/; H. Campbell Jr., *Income and Cost of Living: Are Less Equal Places More Costly?* (last modified August 28, 2021) (noting that, at the outset of regression-based work investigating connections between cost-of-living and other variables, "virtually all cost-of-living studies included demand-side factors expected to be positively related to living costs, including . . . median household income. Reflecting the fact that most household consumption is devoted to normal goods, these factors were invariably positive and significant predictors of living costs.") https://onlinelibrary.wiley.com/doi/full/10.1111/ssqu.13017.

[12] G.L. c. 164, § 1F(4)(i). The statute limits eligibility to "verification of a low-income customer's receipt of any means tested public benefit, or verification of eligibility for [LIHEAP], for which eligibility does not exceed 200 per cent of the federal poverty level based on a household's gross income."

[13] The AGO notes that income disregards, discussed in greater detail in Section B1, represent an approach to addressing cost-of-living concerns that could likely be implemented without any statutory revisions.

[14] S.B. 2967 was passed by the Massachusetts State Senate on October 24, 2024, and is currently awaiting action in the Massachusetts House of Representatives.

B.3. How often should an established TDR structure be reviewed and amended to ensure alignment with changes in energy prices, inflation, usage trends, or other such items?

An established tiered LIDR should be reviewed in the base distribution rate cases of the distribution companies.

B.4. Should the discount rate vary based on usage?

The AGO supports varying the discount rate based on usage. Monthly usage per household varies quite substantially, so a discount rate that does not account for usage will over- or under-support a substantial number of households. For example, National Grid's recently approved tiered discount rate is designed to bring households using 600 kWh of electricity per month to a target electric energy burden level of 3.4 percent.[15] As AGO witnesses Ron Nelson and Caroline Palmer pointed out, however, between 25 and 50 percent of National Grid's low-income electric customers consume more than this amount, and thus are likely to receive an insufficient discount to achieve the target 3.4 percent electric energy burden.[16] On the other hand, 50 percent of National Grid's low-income electric customers consume less than 452 kWh per month, and 25% consume under 281 kWh per month.[17] These households are likely to receive a larger discount than is necessary to achieve the target energy burden.

Given the substantial distribution in monthly consumption, as exemplified by the National Grid data above, any discount rate calculated assuming one specific consumption volume will not be tailored to the actual need of the household. The AGO thus recommends that the Department focus on tiered discount rates with discount levels that vary based on consumption, as discussed in the response to B.6., below.

B.5. Should the discount rate vary based on receipt of other similar benefits?

The AGO recommends that discount amounts be determined based on the amount of Low Income Home Energy Assistance Program ("LIHEAP")[18] assistance that a customer actually receives. The AGO's recommended approach is discussed extensively in the AGO's Initial Brief in D.P.U. 23-150, National Grid's rate case. To summarize, the AGO recommended, and continues to recommend in the instant proceeding, that LIHEAP customers be identified when they enroll in

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[15] Massachusetts Electric Company and Nantucket Electric Company, each d/b/a National Grid, D.P.U. 23-150, Order, at 577 (citing Exh. NG-CP-1, at 26-28).

[16] D.P.U. 23-150, Exh. AG-RNCP-1 at 59 ("According to the Company, the 50th percentile of Rate R-2 customers consumes 452 kWh per month and the 75th percentile of Rate R-2 customers consumes 713 kWh per month, meaning that between 25 to 50 percent of the Company's low-income customers consume more electricity per month than the assumed 600 kWh.").

[17] *Id*.

[18] The AGO notes that the Commonwealth recently re-designated LIHEAP as HEAP.

the LIDR and that the average monthly LIHEAP payment for that customer be subtracted from the customer's bill when that amount is known.[19] Such an approach will save all ratepayers money by reducing the actual assistance provided to income-qualified customers that is paid by all customers through the Residential Assistance Adjustment Factor ("RAAF").[20]

B.6. Should consumption tiers be integrated into the TDR design?

The AGO believes that integrating consumption tiers into tiered LIDRs would support customers more effectively compared to a tiered LIDR without consumption tiers. The purpose of the consumption tiers should be to maximize the number of income-eligible households that the discount level brings to an affordable energy burden, tailored to the discount that a customer needs to achieve an affordable energy burden. Consumption tiers can be integrated alongside income tiers to create a simple and straightforward "discount matrix" through which a household's discount rate is determined by which "cell" of the matrix the household falls. The AGO recommends that each tiered LIDR have at least 3 consumption tiers to address the needs of different household consumption levels. It is important to note that a customer's consumption level is based on several factors, including building size, insulation and weatherization, heating source, and household size.[21] While Mass Save provides essential energy efficiency services that can reduce consumption, renters and low-income customers have limited ability to change their consumption.[22]

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[19] D.P.U. 23-150, AGO In. Br., at 155-56.

[20] *See id*., at 156.

[21] Low-income customers are disproportionately likely to live in older residences with inferior insulation and weatherization, which increases how much energy they must use to maintain a livable indoor climate. Research shows that low-income households are likely to spend more money to achieve the same indoor temperature as higher-income households. Huang, L., Nock, D., Cong, S., & Qiu, Y. L, et al., *Inequalities Across Cooling and Heating in Households: Energy Equity Gaps* (last modified November 2023) (finding that low-income groups living in homes with electric-based heating turned on their heating systems 6 degrees Fahrenheit earlier (i.e., when outside temperatures were 6 degrees warmer) than high income households, most likely due to lack of insulation) https://www.sciencedirect.com/science/article/pii/S0301421523003336; McKenna, C., Vaishnav, P., & Gronlund, C., *Heating with Justice: Barriers and Solutions to A Just Energy Transition in Cold Climates* (last modified February 7, 2024) https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4719571 (finding that low-income households set their thermostats to similar temperatures as their high-income counterparts, but that these households spent more money reaching those temperatures due to less efficient housing (e.g., lacking insulation, less efficient appliances, and leaky windows)).

[22] Additionally, lower income households are also less likely to be able to afford newer, more energy efficient appliances. Low-income households are disproportionately likely to rent, and renters have less agency over the state of insulation and weatherization for their residence, and less agency with respect to a variety of the household appliances as well. *Direct Testimony of John Howat on Behalf of the Massachusetts Energy Directors' Association*, MEDA Exhibit 1.0, D.P.U. 23-150, Exh. at 49 ("low-income customers are more likely to be renters than homeowners.").

The AGO lacks sufficient information at this time to make recommendations with regards to specific consumption tiers for specific companies,[23] but notes that the companies are already closely tracking how much energy each household consumes. Advanced metering infrastructure will be deployed in the coming years, providing more data to the distribution companies. Because each distribution company has different housing stock and heating sources within their service territories, the AGO is unsure at this time—without more data—whether the establishment of a statewide consumption tier or company-specific tiers is more appropriate.

The AGO recognizes that some parties have expressed concerns that adding consumption tiers may create certain perverse incentives to consume more electricity, and thus run counter to the Commonwealth's goals around facilitating energy conservation and emissions reductions.[24] The AGO does not view the introduction of consumption tiers as likely to induce low-income households to consume energy significantly beyond their consumption needs. Many income-qualified households already face an array of affordability challenges.[25] Indeed, many low-income households may be *over*-incentivized to conserve energy to reduce bills, as demonstrated by

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[23] The AGO did recommend specific consumption tiers for National Grid's electric LIDR in DPU 23-150. *See* D.P.U. 23-150, AGO In. Br., at 158–62. The AGO continues to support that recommendation, but is also open to discussions about the most effective number and range of consumption tiers, and eager to continue a dialogue with National Grid and the other participating distribution companies and intervenors and stakeholders in this proceeding about how best to integrate consumption tiers into discount rate calculations.

[24] *See, e.g.,* D.P.U. 23-150, Company Reply Br., at 62 (citing D.P.U. 23-150, Company Exh. NG-CP-Rebuttal-1, at 7) ("[C]onsumption tiers would also create unintended disincentives to lower electric usage. For example, if the stratified discount rate tiers were different for 500 to 599 kWh per month customers and 600 to 699 kWh per month customers, the stratified percentage discount rate system likely would lead to a customer using 599 kWh per month paying more than a customer using 600 kWh in a month.").

[25] *See, e.g.,* D.P.U. 23-150, AGO In. Br., at 1–2 ("At each public hearing, National Grid ratepayers stressed that their current electricity bills are already excessively burdensome. For example, Joanne Roulier stated that, when utility costs are too high, she cuts back on groceries, relying instead on canned soup, crackers and other food from her local food bank. Debbie McBride explained that she keeps the heat in her home uncomfortably low to reduce her utility bills. At the time of the hearing, her heat was off despite the outside temperature being in the thirties. At the Great Barrington public hearing, Rose Lloyd stressed that, 'We are all stretched to the breaking point,' when describing members of the Great Barrington community who wonder whether this is the last month they'll have their house or apartment. Clearly, any rate increase will exacerbate an already overwhelming problem faced by many ratepayers.") (citations to transcripts omitted).

documented energy limiting behaviors nationally,[26] as well as in the Commonwealth.[27] The incentive to reduce energy consumption in these households is so great that they not only sacrifice comfort—they engage in behaviors that are deleterious to their household's health and safety.[28]

C. Recovery of revenue shortfall from discount rates

C.1. Whether and how should discount rate customers be excluded from having to pay for the shortfall (i.e., excluded from paying the RAAF)?

In the event that all distribution companies' LIDRs are transitioned to tiered rates, whether or not non-LIDR customers are paying into the RAAF costs that cover the revenue shortfall from the LIDR is likely moot, as a tiered rate will set discount levels by income, with a target energy burden level for each income tier. As the Department discussed in its Interlocutory Order in this proceeding, the Department will be focusing on tiered discount rates and determined that it "pursue a TDR framework that targets certain levels of household energy burdens for electric and gas customers, with possible variances depending on primary heating fuel."[29]

C.2. Should recovery be statewide (with separate recovery for gas versus electric) instead of utility-wide?

The AGO continues to recommend that the Department "gather additional data around the potential costs and benefits of a statewide recovery factor"[30] and that the Department consider a statewide recovery factor for the LIDR and Arrearage Management Plan ("AMP") programs. Before taking a position in support of a statewide recovery factor, the AGO would need to review bill impact

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[26] Energy limiting behaviors are behaviors customers with affordability struggles engage in to either lower their energy costs at the expense of their household's health and safety, or to afford their energy costs by forgoing other essentials, such as food and medicine. "For example, studies show that some households will keep their indoor air temperatures at unsafe levels – too cold during the winter or too hot during the summer – with concerning health and safety implications." AGO Initial Comments, at 6 (citing Cong, S., et al., *Unveiling Hidden Energy Poverty Using the Energy Equity Gap* (May 45, 2004) https://www.nature.com/articles/s41467-022-30146-5). Another recent example can be found in the comments of Eleanor Farrar during the public hearings for National Grid's most recent electric rate case, D.P.U. 23-150. Ms. Farrar shared that, in addition to a variety of other measures she took to keep her utility costs low, "[s]ome weeks I don't buy groceries. So you are basically living on soup or ramen noodles. They are too salty." D.P.U. 23-150, AGO In. Br., at 2 (quoting Tr. Vol. G, at 269-70). Ms. Farrar's comments speak explicitly to the health and nutrition concerns arising from her need to avoid buying groceries in order to afford her utility payments.

[27] *See, e.g.*, D.P.U. 23-150, Exh. AG-CEH-Surrebuttal-3, at 4–5, 8, 11–12.

[28] Some known energy limiting behaviors and impacts include: keeping homes at such low temperatures during the winter that residents grow so severely ill that it requires a visit to the doctor or hospital, avoiding medical or dental care, avoiding filling prescriptions, taking less of medications than is prescribed, increased hunger and food insecurity, increased incidence of nutritional deficiency, elevated risk of fire, and increases in fire-related mortality. *See* Colton Declaration, at 40–44.

[29] Interlocutory Order, at 6.

[30] AGO Initial Comments, at 18.

estimates for all distribution companies. The AGO notes that a revenue shortfall from a tiered discount rate is likely to differ from a flat rate.

The AGO acknowledges National Grid and Eversource's stated concerns that such approach "would undermine [the existing] equitable process as their customers would be required to subsidize customers outside of their service territories[,]" as well as Berkshire, Unitil, and Liberty's support for a statewide approach.[31] Berkshire, Unitil, and Liberty state:

> Although all the utilities serve low-income populations and [Environmental Justice Communities ("EJCs")], the share of those customers is particularly high for Berkshire, Unitil and Liberty. Specifically, Berkshire, Unitil, and Liberty serve a relatively small number of customers, primarily comprised of residential customers, and their service areas include a relatively large number of [Environmental Justice ("EJ")] block groups and low-income customers. In addition, the households in the Berkshire, Unitil, and Liberty service areas, whether their income is at or below the median, have a somewhat higher energy burden than households across the Commonwealth. Because income levels and the energy burden experienced by customers is not uniform across the state, and the size of each utility company's service territories varies, Liberty, Berkshire and Unitil submit that sharing the costs of energy affordability programs across the state may be an equitable approach to cost recovery.[32]

There is clear precedent for a statewide approach, both in the utility industry as well as the telecommunications industry. In the Electric Distribution Companies'-Local Gas Companies' ("EDC-LDCs'") Initial Comments in this proceeding, Berkshire, Unitil, and Liberty reference the Energy Assistance Program in New Hampshire, which is funded via a statewide System Benefits Charge.[33] Turning to the telecommunications industry, Universal Service has supported telephone service and broadband access in higher cost and rural areas. Universal Service requires telecommunications companies to contribute to a fund that subsidizes the costs to provide telecommunications services to high-cost areas.

While the AGO supports consideration of a statewide recovery approach, the AGO continues to recommend that the Department request additional funds to address affordability issues and revenue shortfalls from the Legislature or from federal funding opportunities.[34] With rising electricity rates due to economic factors as well as costs required to fund the clean energy

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[31] EDC-LDC Initial Comments, at 20.

[32] EDC-LDC Initial Comments, at 20-21.

[33] EDC-LDC Initial Comments, at 21.

[34] AGO Initial Comments, at 18.

transition,[35] ratepayers should not be the only source of funding for affordability programs. The AGO reiterates its position as discussed in its Initial Comments:

> The Legislature should appropriate funds for utility affordability programs, including energy affordability programs and AMPs. The Department, the Executive Office of Energy and Environmental Affairs, and the Administration should also explore opportunities to leverage state funding by pursuing federal funding support for such programs through new or existing federal programs. While the AGO is supportive of establishing rates that are affordable for eligible ratepayers, the costs for providing an increasingly large number of programs are wholly borne by ratepayers. Ratepayers are simultaneously asked to shoulder the cost increases associated with, for example, periodic base distribution rate cases, grid modernization investments, clean energy procurements (offshore wind and hydro), utility-owned solar projects, energy efficiency programs, and [Electric Vehicle ("EV")] rebates and infrastructure costs, to name a few. Thus, Massachusetts customers could see utility bills increase significantly in the coming years in the absence of any meaningful effort to mitigate or offset these costs. The Commonwealth is committed to achieving the [Greenhouse Gas ("GHG")] emission reductions mandated by statute. Funding this transition through sources other than utility rates, while ensuring that bills are affordable for eligible ratepayers, should be a focus of policymakers. Accordingly, the AGO encourages the Department, policymakers, and stakeholders to expand the availability of non-ratepayer funded options in the near-term. [36]

C.3. Whether and how should shareholders contribute to recovery of the revenue shortfall? Do shareholders benefit from the availability of more comprehensive discount rates?

Linking utility financial incentives to customer affordability. The AGO recommends that the Department factor customer affordability into its decision regarding whether a distribution company's rates are just and reasonable. This could take a variety of forms, for example, by: (1) linking return on equity to affordability, including increasing or decreasing the authorized Return on Equity ("ROE") based on utility performance around affordability; and (2) tying executive compensation to affordability. To motivate affordability-minded decision-making, offering affordable rates to customers should financially benefit the utility shareholders and/or executives; as a corollary, if the distribution companies are not able to do so, there would be a financial consequence for utility shareholders and/or executives.

[35] Bureau of Labor Statistics, *Consumer Price Index, Boston-Cambridge-Newton – September 2024*, Series ID: APU01107261 (last modified Oct. 10, 2024) https://www.bls.gov/regions/northeast/news-release/consumerpriceindex_boston.htm.

[36] AGO Initial Comments, at 32–33.

Pursuant to the 2021 Climate Act, affordability is a key priority that the Department must consider it its regulation of distribution companies in the Commonwealth.[37] In its recent Electric Sector Modernization Plan orders, D.P.U. 24-10/-11/-12, the Department stated that "safety, security, reliability of service, and affordability, represent the Companies' longstanding public service obligations and the central tenets for over a century by which the Department has overseen the utilities it regulates."[38] Considering the importance of affordability, the AGO recommends that the Department establish clear parameters for what customer affordability means, so that there are clear benchmarks and goals that can then be used to measure performance and progress of the distribution companies.

A uniform affordability definition would put distribution companies on notice about the Department's specific performance expectations related to affordability as a public service obligation. In the most recent rate case for Fitchburg Gas and Electric Light Company's ("FG&E") electric division, the Department asked FG&E to identify and discuss potential affordability metrics that the Company would consider appropriate if the Department were to adopt a position on executive compensation similar to that position adopted by the Connecticut Public Utilities Regulatory Authority ("PURA") in two recent cases.[39] FG&E declined to provide a comprehensive response, instead stating that "there is no current definition of affordability or a reasonable, practical affordability metric for the Company to consider in determining advantages/disadvantages[,]" that "executive leadership will be implicitly measured and rewarded or penalized in the future [Performance-Based Regulation ("PBR")] framework," and that "[p]enalties and incentives affect financial performance of the utility organization and executive officers are accountable to their Board of Directors, customers, and public officials, and are subject to penalties for poor performance."[40] In this response, FG&E failed to identify and discuss potential affordability metrics and instead argued that the company is accountable to several entities, but not the Department. As discussed above, affordability is a key public service obligation, and the Department certainly has the authority to address the performance with respect to affordability of distribution company rates.

Link return on equity to affordability. In the near term, absent significant reform to the existing regulatory utility model, the Department has discretion to set an authorized ROE that is within the range of reasonableness.[41] In the past, the Department has authorized ROEs that are on the low-

[37] G.L. 25, § 1A.

[38] Electric Sector Modernization Plans, D.P.U. 24-10/-11/-12, at 56.

[39] *The United Illuminating Company*, PURA Docket No. 22-08-08, at 127-131 (August 25, 2023); *Aquarion Water of Connecticut*, PURA Docket No. 22-07-01, at 66-68 (March 15, 2023).

[40] Fitchburg Gas & Electric Light Company, D.P.U. 23-81, Exh. DPU-26-10, at 2.

[41] D.P.U. 23-150, Order, at 476.

end of the range reasonableness based on utility performance.[42] The Department could put the distribution companies on notice by explicitly stating that "utility performance" includes affordability. This approach would, in effect, link an authorized return on equity to affordability, recognizing that affordability is a core public service obligation and that there will be financial consequences based on a utility's performance with regards to that obligation.

Tie executive compensation to affordability. A complementary way to incentivize affordability-minded utility decision-making, in addition to linking affordability directly to the ROE determination, would be to tie executive compensation to affordability. In two recent decisions, the Connecticut Public Utility Regulatory Authority tied executive compensation to affordability metrics.[43] The metrics include payment regularity ratio (e.g., how many payments the company received for every 100 residential bills); the payment coverage ratio (e.g., the amount of payments the company received for every 100 residential monthly bills); and the rate of nonpayment disconnections (i.e., the average number of accounts in arrears).

Additional Recommendations. In theory, alternatives to traditional cost of service regulation (or, more accurately, cost of service regulation overlaid with alternative regulatory mechanisms) are intended to curb costs and provide incentives to align utility performance with public policy goals.[44] Whether or not alternatives can in fact achieve this intent depends on the degree to which the Department can effectively tie financial incentives to the performance it is trying to incentivize.

Shareholders may benefit from the availability of more comprehensive discount rates. More comprehensive discount rates can benefit shareholders to the extent that discount rates support a steadier flow of cash from regular bill payment. Cash flow benefits will be realized by both shareholders and customers through lower (1) bad debt expense; (2) service shutoff and reconnection expenses; (3) shorter bill to payment lags; and (4) the cash working capital allowance. Another significant ongoing benefit that the shareholders may realize is that of increased customer goodwill from offering affordability programs in its name (although customers actually pay the costs for the programs). Minimizing customer frustration with programs and ensuring that they are administered in a customer-centric way can also increase customer goodwill. In terms of benefits for the distribution companies and their shareholders more specifically, customer goodwill can assist distribution companies in effectively engaging with customers, which may support customer adoption for new initiatives, programs, and rates to support electrification. If this

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[42] *Fitchburg Gas and Electric Light Company,* D.P.U. 11-01/02, at 426 (finding that "the ROE allowed the Company should be at the lower end of the reasonable range to account for Fitchburg's subpar management performance and customer service."); *see, e.g., NSTAR Electric Company,* D.P.U. 22-22, at 395, referencing setting the ROE at the low-end of the range of reasonableness to account for deficient management practices;

[43] PURA Docket No. 22-08-08, at 127-131 (August 25, 2023); PURA Docket No. 22-07-01, at 68.

[44] With regards to performance incentive mechanisms specifically, the Department has stated that "the Department has found that performance incentives can serve as a useful regulatory mechanism when used to positively influence distribution company behavior in the advancement of important public policy goals that are not directly aligned with a distribution company's public service obligations." D.P.U. 23-150, Order, at 118.

goodwill leads to higher customer satisfaction as reported by J.D. Power or other utility performance trackers, this could lead to more interest from other shareholders and implications for the risk profiles of the distribution companies.

C.4. What are the advantages and disadvantages of using other sources of funding, such as federal or state, to recover the revenue shortfall? What other federal or state funds are appropriately characterized as mitigating energy burdens already? If federal or state funds are applied to offset revenue shortfalls, how should such funds be integrated into the RAAF formula?

Advantage of using other sources of funding. One primary advantage of using other funding sources to fund the revenue shortfall from utility affordability programs, rather than looking to ratepayers, is that ratepayers would have to fund less of the shortfall. Ratepayers currently fund the shortfall through the RAAF, which adds costs to the volumetric consumption charge on customer bills, consistent with an established allocator. The AGO notes that customers who have the capacity to reduce the volumetric consumption on their bills,[45] through net metering and other solar incentive programs, and through storage deployment, do not contribute to the RAAF at the same rate as customers who do not have the capacity to reduce volumetric consumption. Funding policy initiatives, such as income-qualified programs, through utility bills is a more regressive approach compared with using tax-payer funds. The level of volumetric charges on a household's bill is related to usage, and not to a customer's income (apart from customers on the low-income discount rate), whereas taxes are tied to income (i.e., higher income households typically pay more money in taxes compared to low- and moderate-income households) so the tax contribution of households, in a broad sense, is commensurate with income. If tax-payer funds are allocated to cover some, rather than all, of the costs for affordability programs, there must be protocols in place to ensure proper allocation of the funds and to reduce co-mingling of funds.

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Integrating Federal or State Funds into the RAAF Formula. Funding for a portion of RAAF costs from Federal or state sources needs to be further investigated. Federal or state funds could be used to decrease RAAF costs otherwise funded by ratepayers and help to reduce the growing financial burden placed on ratepayers to finance various programs. Non-ratepayer sourced funds could be allocated to the distribution companies in proportion to the ratio of each company's annual RAAF costs to the aggregate annual RAAF costs of all the distribution companies. Such allocation could occur at the time of the annual reconciliation of RAAF costs, when the actual costs are known.

[45] Based on national data on solar-adopter income and demographic trends for 2022, "[s]olar adopter incomes vary considerably, but are generally higher than population averages[.]" The median income for solar-adopters is $117,000/year, while all owner-occupied households' median income is $85,000, and all households median income is $69,000. Lawrence Berkeley National Lab, *Residential Solar-Adopter Income and Demographic Trends: 2023 Update,* at slide 5 (last modified 2023) https://eta-publications.lbl.gov/sites/default/files/2023_solar-adopter_income_trends_final.pdf.

D. AMPS

D.1. Should all the Distribution Companies structure their AMPs in the same manner? Should they all use a standard formula for the level of debt forgiveness provided annually to eligible ratepayers?

Some standardization is appropriate. The AGO recommends that the different distribution companies' AMPs be structured in the same manner with regards to program names, use of terms, and certain policy provisions, as this type of standardization would make the programs more customer-centric and can draw on the policies that have been effective in supporting customer success (namely, completion of their AMP term and the payments required for debt forgiveness). It is likely confusing to customers when their gas utility's AMP has a different name, uses different terms, and employs different policies than their electric utility's AMP.

The AGO recognizes the Department has stated its support for "as much standardization across companies as is possible and practical" but also agrees with the Department that there may be valid reasons for differences among the Distribution Companies' AMPs.[46] The AGO further notes that the distribution companies' AMPs have evolved over more than a decade, and there are likely some AMPs that are more effective than other AMPs, and some policies that are more effective than others. AMPs should be designed to (1) recover a level of customer debt that is "affordable" to the program participant;[47] and (2) enable customers to complete the 1-year (or longer) term of the AMP and receive the debt forgiveness allowed under the AMP. To the extent that certain policies within one distribution company's AMP are more effective than the policies in another distribution company's AMP, the AGO recommends that the Department direct the distribution companies to align their AMPs to integrate those policies that are more effective.[48] For example, if National Grid's AMP has a higher level of success (that is, a higher percentage of customers complete their AMP) due, at least in part, to the provision in National Grid's AMP that permits a customer to miss two consecutive months of payments before the customer is considered in default and removed from the AMP, compared with FG&E's, Liberty Gas', and Berkshire Gas' AMPs—which permit a customer to miss one payment before the customer is removed from the program[49]—the policy that is more effective in supporting customer success should be the standard for all AMPs.

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[46] Department investigation into expanding low-income customer protections and assistance, including standards for arrearage management programs, discount rate, service termination and energy efficiency programs, D.P.U. 08-4, at 21.

[47] *See* G.L. c. 140 § 17(a) (stating that "an arrearage management program shall include a plan under which companies work with eligible low-income customers to establish affordable payment plans and provide credits to those customers toward the accumulated arrears where such customers comply with the terms of the program.").

[48] The AGO notes the ongoing process in D.P.U. 24-AMP.

[49] D.P.U. 24-AMP, National Grid Redlined AMP, at 3; FG&E Redlined AMP, at 5; Liberty Gas Redlined AMP, at 3; Berkshire Gas Redlined AMP, at 3; September 11, 2024 AGO Comments, at 3.

In its September 11, 2024 letter to the Department in D.P.U. 24-AMP, the AGO highlighted some of the differences in the distribution companies' AMPs. These differences include: the annual and total level of debt forgiveness; whether a late payment results in forgiveness for the month the balance is paid late; whether a customer who has been disconnected can enroll in an AMP and the enrollment requirements; the appropriate number of missed payments allowed before a customer is considered in default; how a customer can cure a default; the appropriate frequency of AMP enrollment—i.e., how long must a customer wait to re-enroll in another AMP in the event that the customer (a) successfully completes the AMP or (b) defaults (i.e., what is the stay-out period); and whether a customer can participate in an AMP based on the participant's eligibility for the low-income discount rate (as opposed to being enrolled in the low-income discount rate).[50]

With regards to next steps related to the AGO's September 11, 2024 Comments in D.P.U. 24-AMP, the AGO will be meeting with the AMP Best Practices Working Group and counsel for the distribution companies in November and plans to discuss the different AMP policies, with the goal of coming to consensus on at least some of them. On October 23, 2024, the AGO requested that the Department take no action on the AGO's September 11, 2024 Comments in order to let the stakeholder process continue. The AGO views D.P.U. 24-AMP as the appropriate venue to make modifications to the distribution companies' AMPs to the extent the changes are within the parameters established in D.P.U. 08-4; the AGO, however, will defer to the Department if the Department indicates a preference for this proceeding as the appropriate venue.

Standard formula level of debt forgiveness. In the AGO's March 1, 2024 Comments in the instant proceeding, the AGO stated: "[t]he AGO would like to compare each utilities' annual AMP costs to their total annual revenues as well as to total residential class revenues before providing a recommendation on the annual level of debt forgiveness that should be offered."[51] In D.P.U. 24-15, the AGO asked the utilities to compare the annual AMP forgiveness cap with (a) total annual revenues; and (b) total annual residential class revenues. This information, plus annual AMP costs for each distribution company, is provided in the table below, titled **2023 AMP REVENUES COSTS BY UTILITY.** This table illustrates:

1. The range of annual AMP costs as a percentage of total annual revenues from all customer classes is between 0.18% (for Berkshire), and 1.27% (for FG&E gas & electric); and
2. The range of annual AMP costs as a percentage of residential class annual revenues is between 0.32% (for Berkshire) and 2.22% (for Unitil, gas & electric).

[50] *See* D.P.U. 24-AMP, September 11, 2024 AGO Comments.

[51] AGO Initial Comments, at 20.

2023 AMP REVENUES COSTS BY UTILITY

	RESIDENTIAL CLASS TOTAL REVENUE	TOTAL REVENUE (ALL CLASSES)	AMP FORGIVENESS CAP	TOTAL AMP COSTS (VIA RAAF)	TOTAL AMP COSTS AS A % OF RESID. CLASS REV.	TOTAL AMP COSTS AS A % OF TOTAL REV. (ALL CLASSES)
Berkshire	$52,408,019	$90,824,500	$3,000	$167,227	0.32%	0.18%
Liberty	$64,902,650	$87,791,334	$3,000	$1,020,385	1.57%	1.16%
Unitil (Electric & Gas)	$85,900,000	$150,100,000	$4,800	$1,907,584	2.22%	1.27%
NSTAR (Electric)	$1,687,182,643	$3,252,733,361	$12,000	$15,887,344	0.94%	0.49%
NSTAR (Gas)	$384,828,257	$530,486,229	$12,000	$2,841,603	0.74%	0.54%
EGMA	$440,034,844	$529,712,533	$3,600	$4,193,788	0.95%	0.79%
National Grid (Electric & Gas)	$3,172,366,722	$4,761,215,567	$12,000	$28,195,385	0.89%	0.59%

The disparity shown in the table above illustrates the different costs to customers in different distribution company service territories. The AGO views a standard annual AMP debt forgiveness cap as a better approach, compared with the existing approach (with caps between $3,000 and $12,000 for different companies). Without a statewide recovery factor, however, a uniform annual AMP cap will increase RAAF costs, possibly significantly, to customers of Berkshire, Liberty, Unitil, and Eversource Gas Company of Massachusetts ("EGMA"). As stated in response to C.2., the AGO recommends that the Department consider a statewide recovery factor for both the LIDR and AMP programs. A statewide recovery approach would reduce this cost disparity, and a customer's contribution to AMP costs would be more uniform and based on their volumetric consumption, rather than the service territory in which they live. Such an approach would reduce the cost of AMPs as a percentage of residential class revenue, which means that customer bills are likely to increase for some distribution company customers and decrease for others, illustrated in the table below. The AGO urges the Department to consider a standard cap amount to be funded via a statewide recovery factor.

2023 AMP REVENUES COSTS BY UTILITY ASSUMING STATEWIDE RECOVERY

			Distribution Co. AMP Costs		**Reallocation of AMP Costs (1)**	
	RESIDENTIAL CLASS REVENUE	TOTAL REVENUE (ALL CLASSES)	AMP COSTS (VIA RAAF)	AS A % OF RESID. CLASS REV.	NEW AMP COSTS	AS A % OF RESID. CLASS REV.
Berkshire	$52,408,019	$90,824,500	$167,227	0.32%	$482,574	0.92%
Liberty	$64,902,650	$87,791,334	$1,020,385	1.57%	$597,625	0.92%
Unitil (Electric & Gas)	$85,900,000	$150,100,000	$1,907,584	2.22%	$790,968	0.92%
NSTAR (Electric)	$1,687,182,643	$3,252,733,361	$15,887,344	0.94%	$15,535,601	0.92%
NSTAR (Gas)	$384,828,257	$530,486,229	$2,841,603	0.74%	$3,543,504	0.92%
EGMA	$440,034,844	$529,712,533	$4,193,788	0.95%	$4,051,847	0.92%
National Grid (Electric & Gas)	$3,172,366,722	$4,761,215,567	$28,195,385	0.89%	$29,211,197	0.92%

(1) Reallocated in proportion to the ratio of each Distribution Company's Residential Revenue to the aggregate Distribution Company Residential Revenue.

D.2. Should AMPs be offered to customers in the 60-80 percent AMI/SMI income bracket?

AGO recommends that the Department further investigate whether it would be beneficial to direct the distribution companies to offer AMPs to customers in the 60-80% SMI income bracket. While median income ratepayers (between 60-80 percent of SMI) may be struggling with unaffordable utility bills,[52] there is limited data or insight into the scope and depth of the problem that would be addressed by expanding the AMPs. Moreover, prior to making any such decision, there should be more information gathered regarding the cost implications if AMPs are offered to more customers. The AGO therefore recommends that the distribution companies provide data on:

1. The number of median income ratepayers in arrears (including how long they have been in arrears (e.g., 30, 60, 90+ days);
2. The total amount of arrears for median income ratepayers;
3. The average amount of arrears per customer for median income ratepayers; and
4. The estimated total costs as well as illustrative bill impacts assuming that AMPs are offered to customers in the 60-80% SMI income bracket at
    a. the same level offered to low-income ratepayers;
    b. 80% of the level offered to low-income ratepayers;
    c. 60% of the level offered to low-income ratepayers; and
    d. 40% of the level offered to low-income ratepayers.

E. <u>Disconnection for nonpayment</u>

E.1. Should disconnection for nonpayment be prohibited regardless of the date or season?

In its Initial Comments, the AGO noted that without data from the utilities on the relationship between disconnections and arrearage reduction, it is unclear whether disconnection is an effective tool to reduce arrearages.[53] The AGO discussed that people rely on electricity for water, physical safety, food security, medical care and telecommunications, and for heat and cooling, as well as the high social cost of disconnection, which includes unsafe indoor air temperatures, exacerbation of health problems, as well as other health risks.[54] Because disconnection has so many negative consequences, the AGO recommends that disconnection protection cover a broader range of

[52] The AGO recognizes that costs for consumer goods, including utility bills, may be rising more quickly than some ratepayers' salaries, their income-qualified federal and state benefits, or their fixed incomes, which means that moderate income households may be struggling with utility bills.

[53] AGO Initial Comments, at 21.

[54] *Id.,* at 2. In addition, research shows that disconnections for nonpayment may be associated with the following impacts: increased homelessness; increased forced household mobility, decreased children's educational attainment; increased forced evictions; decreases in the availability of cold weather heating service; increased fire-related property damage, injuries, and deaths; increased frequency and severity if illness; increased frequency and severity of hunger and malnutrition; and increased job loss and lost wages. *Laura Bennett et al vs. Thomas F. Ahern et al,* Sup. Ct. of the State of Rhode Island, PC-15-4214, Declaration of Roger Colton ("Colton Declaration"), at 8.

circumstances[55] (the AGO's recommendations related to a summer moratorium are discussed in response to E4), especially for low-income ratepayers, and that policies with regards to disconnection for non-payment are data-driven going forward. The AGO recommends that the Department initiate a series of technical workshops to enable the distribution companies, the Department, and other stakeholders to compile and review relevant data. Below, the AGO also discusses disconnection as a cost recovery tool as well as the extent of the societal and human cost of disconnection.

Collaboration on Data. The AGO recommends that the Department, as part of this proceeding, initiate a series of technical workshops to facilitate the transparent collaboration of the distribution companies with interested stakeholders to share data and to research and analyze the best approaches to modernizing collection and disconnection policies. Future disconnection policies should reflect an updated, data-driven understanding of payment behaviors and the known risks and consequences of energy insecurity and disconnections. Data on payment behavior of ratepayers in the Commonwealth should be considered alongside data from other jurisdictions.[56]

Disconnection may not effectively support cost recovery and may be an inferior collections tool when compared with other approaches. Disconnections are a counter-productive cost recovery technique when "non-payment is attributable to an inability-to-pay rather than to an unwillingness to pay."[57] In these situations,

> not only are the dollars spent on the collection process ineffectively used, but, in addition, the collection process, with its associated fees, results in further impeding the customer's payments rather than facilitating such payment, as scarce customer resources are siphoned away from bill payment and devoted to other fees, lost wages, and associated household expenditures.[58]

Furthermore, "[a]n over-reliance on the disconnection of service as a collection technique . . . plac[es] customers in situations where those customers cannot constructively respond to their

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[55] For example, the protections currently provided under the Department's regulations at 220 C.M.R. 25.03 & 05.

[56] For example, data was collected after the California Public Utilities adopted enhanced disconnection protections for customers requiring medical support. *See* Colton Declaration, at 9-13. The impacts of Iowa's winter moratorium has also been documented. Colton Declaration, at 14-16. Data from Pennsylvania may also be informative, indicating that although electric service disconnections increased significantly, collections did not. Colton Declaration, at 26 (citing *The Fifth Biennial Report to the General Assembly and the Governor Pursuant to Section 1415: Implementation of Chapter 14,* Pennsylvania Public Utilities Commission, at 32).

[57] *Id.,* at 27 (also noting that "[a]n inability to pay occurs when household resources are insufficient to cover household expenses." An important correlate to this is that the defining feature of an inability-to-pay household is defined by having expenses that exceed its resources, not by having no resources at all.).

[58] *Id.*

nonpayment (or inability-to-pay) situations."[59] Research has found that customers facing the immediate threat of a disconnection may make decisions that actively contribute to and exacerbate their underlying inability to pay.[60]

Importantly, there may be other approaches that yield better outcomes not only for payment-troubled ratepayers, but also for the distribution companies themselves.[61] For example, one specific approach that is "known to be effective in controlling arrears and reducing the level of write-offs" is to "[d]irect energy efficiency investments towards customers with a history of payment-troubles," which reduces their bills by reducing their consumption.[62] The recommended technical session should enable the Department and stakeholders to explore alternative approaches to disconnection for ratepayers who have an underlying inability to pay.

E.2. Should reconnection fees be eliminated for discount rate-eligible customers? What are the costs of eliminating reconnection fees for discount rate customers?

To the extent that the distribution companies charge reconnection fees to low-income customers (National Grid does not charge a reconnection fee for customers don the LIDR),[63] the AGO

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[59] *Id.* at 27-28.

[60] *Id.* at 28 (quoting Colton, R., *Measuring LIHEAP's Results: Responding to Home Energy Unaffordability* (2009), at 13, 17) ("Given the immediate consequences of failing to address the short-term nonpayment crisis, the customer is pushed into [] negative actions … On an individual basis, the customer may be pushed into a series of 'bad' decisions to meet his or her short-term payment needs. On an institutional basis, the system fails to create constructive responses to an inability-to-pay or to provide incentives to pursue those constructive responses when they exist. The reliance on the disconnection of service, in other words, places customers in the position of making bad choices to avoid experiencing the loss of essential utility service. Bad choices might include, but are not limited to, borrowing money (thus increasing their future financial burdens, making future nonpayment even more likely), forgoing the payment of one essential service (e.g., rent) to pay another essential service (e.g., utilities) (again, leading to increased future bill payment obligations with an increased likelihood of future default), running from their obligations (which not only leaves the obligation outstanding, but imposes its own series of increased costs), and the like."); *see also* Conservation Law Foundation ("CLF") Initial Comments, at 20 (citing Rob Levy and Joshua Sledge, *A Complex Portrait: An Examination of Small-Dollar Credit Consumers*, Center for Financial Services Innovation (CFSI) (last modified 2012), at 4 https://policylinkcontent.s3.amazonaws.com/ComplexPortraitExaminationOfSmallDollarCreditConsumers_CFSI_0.pdf).

[61] Colton Declaration, at 27 (citing Colton, R., *An Outcome Evaluation of Indiana's Low-Income Rate Affordability Programs: 2008-2009* (2009), prepared for Citizens Gas and Coke Utility, Northern Indiana Public Service Company, Vectren Energy Delivery Indianapolis ("Studies . . . have found that traditional credit and collection processes actually generate fewer dollars of revenue than do processes that seek to address the underlying inability-to-pay."); CLF Initial Comments, at 20 ("When customer is terminated [sic] for non-payment of an arrearage, arrears are generally never collected.").

[62] Colton Declaration, at 35 (also noting that "[r]esearch conclusively shows that reducing the usage of customers who are otherwise known to have difficulty paying will have the corresponding impact of reducing the associated bills and thus any associated write-offs (if any).").

[63] *See* EDC-LDC Initial Comments at 30.

recommends that the Department consider whether these fees should be eliminated for discount-rate eligible customers. Such fees serve to increase barriers to reconnection for customers who are already struggling financially.

The AGO looks forward to reviewing the distribution companies' responses to the question about the costs of eliminating reconnection fees, and in their response, the AGO requests that the distribution companies use actual disconnection activity by year over the last 5 years, and provide illustrative bill impacts for all customers, assuming that reconnection fees are eliminated for discount-rate eligible customers.

E.3. Should reconnection fees be eliminated for all customers?[6] What are the costs of eliminating reconnection fees?

The AGO recommends that reconnection fees be eliminated only for low-income customers, regardless of whether the customer is on the LIDR. With regards to interaction with customers, when the distribution companies contact customers after a disconnection, customer-facing staff should: offer support to customers to reconnect, to avoid disconnection in the future, and to reduce utility bills (e.g., via enrollment in the LIDR and/or AMP, by providing contact information for the customer's local CAP agency, and by providing contact information about Mass Save); and provide the opportunity for the customer to identify themselves as low-income in that encounter. The AGO additionally recommends that a customer be allowed to self-attest that they are low-income in order for the reconnection fee to be waived, but be required to provide documentation consistent with the distribution companies' income verification requirements at a later date (e.g., within 6 months of reconnection). If the customer fails to provide verification after ample opportunity to provide that verification is provided, the reconnection fee could then be added to the customer's account.

The AGO understands the second part of the question to be directed to the distribution companies and requests that the distribution companies use actual disconnection activity by year over the last 5 years, and provide illustrative bill impacts for all customers, assuming that reconnection fees are eliminated for all residential customers.

E.4. Please discuss the advantages and disadvantages of implementing a moratorium on electric disconnections during the entire summer period versus a moratorium on disconnections only during periods of extreme heat or poor air quality. As part of this response, please comment on any statutory or regulatory impacts of changes to a moratorium on electric disconnections during summer months or periods of extreme heat or poor air quality.

The Need for a Summer or Extreme Heat or Poor Air Quality Moratorium due to Increased Temperatures and the Risk of Heat-Related Illness and Mortality. In Massachusetts, the rise in average temperatures has led to an increase in extremely hot weather, which raises the "risk of

heat-related illness and can complicate chronic diseases."[64] "[T]emperatures in Massachusetts have risen almost 3.5°F since the beginning of the 20th century," [65] with "Boston experiencing up to six heat waves a year on average." [66] These extreme temperatures have led to increased weather-related mortality,[67] and are expected to continue growing in frequency.[68]

Massachusetts residents are also exposed to increased levels of heat-related illnesses that are intensified due to poor air quality. The Executive Office of Health and Human Services has identified several populations that are particularly vulnerable to suffering adverse health impacts, including the elderly, residents with asthma, young children, and people of color.[69] In 2019, 219 deaths were attributed to air pollution, with heat exposure due to climate change being a contributing factor.[70] In 2024, the Centers for Disease Control heat health tracker showcased that, during a heatwave in Massachusetts, "emergency room visits went from 57 per 100,000 residents on June 17 [a Monday] to 791 on Wednesday[, June 19] and 848 on Thursday[, June 20]."[71] Studies attribute the increase in heat-related illnesses and mortality to "densely populated urban areas and less tree cover and green space."[72]

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[64] Massachusetts Department of Public Health, *Massachusetts Extreme Heat Resource Guide*, (last modified July 19, 2024), https://www.mass.gov/doc/extreme-heat-resource-guide-pdf/download (discussing climate change heat related impacts on Massachusetts).

[65] Jennifer Runkle, et al., *State Climate Summaries – Massachusetts* (last modified 2022), https://statesummaries.ncics.org/downloads/Massachusetts-StateClimateSummary2022.pdf (providing statistical data on changes in temperature in Massachusetts).

[66] Martha Bebinger, *Deaths from heart disease and stroke likely climb in Mass. During heat waves* (last modified July 17, 2024), https://www.wbur.org/news/2024/07/17/heat-related-cardiac-deaths-research.

[67] Elfaith Eltahir & Aaron Krol, *Extreme Heat,* at 1-16 (last modified June 23, 2022), https://climate.mit.edu/explainers/extreme-heat#:~:text=Climate%20change%20has%20led%20to%20about%201.8%C2%B0%20F (discussing connection between climate change and heatwaves) ("nearly 30 heat-related deaths have occurred [in Massachusetts] over the past decade, and the frequency of these deaths is increasing as the climate changes.").

[68] Heather Morrison, *2 people died due to heat this summer in Mass.* (last modified Sep. 4, 2024), https://www.masslive.com/news/2024/09/2-people-died-due-to-heat-this-summer-in-mass.html ("By 2030, Massachusetts is predicted to have more than 22 days above 90 degrees. By 2070, that number will increase to more than 40 days.").

[69] Executive Office of Health and Human Services, *Extreme Heat and Poor Air Quality,* https://www.mass.gov/info-details/extreme-heat-and-poor-air-quality.

[70] Philip J. Landrigan, et al., *A replicable strategy for mapping air pollution's community-level health impacts and catalyzing prevention,* (last modified Jul. 18, 2022), https://ehjournal.biomedcentral.com/articles/10.1186/s12940-022-00879-3.

[71] Scott Souza, *ER Visits 'Extremely High' in MA During Heat Wave: CDC Data,* (last modified Jun. 24, 2024, 1:36PM), https://patch.com/massachusetts/across-ma/er-visits-extremely-high-ma-during-heat-wave-cdc-data.

[72] Massachusetts Department of Public Health, *Massachusetts Extreme Heat Resource Guide*, (last modified July 19, 2024), https://www.mass.gov/doc/extreme-heat-resource-guide-pdf/download (discussing climate change heat related impacts on Massachusetts).

As extreme heat events become more frequent and severe, reducing negative health consequences and addressing the financial strain on vulnerable populations is an increasingly critical component of safeguarding public health and advancing equity. In Massachusetts, "low-income households experience an average energy burden of 10 percent, with some neighborhoods experiencing 30 percent or more."[73] In 2022, it was reported that "281,000 households were more than 90 days behind on utility bills – about 40,000 households more than before the pandemic."[74] Research shows that low-income, Black, Hispanic, Native American, and older adult households have higher energy burdens both in Greater Boston and nationally.[75] Providing financial protection to these populations during heat and poor air quality events will help reduce the disproportionate negative impact of climate change in the Commonwealth.

These trends demonstrate a pressing need for the Commonwealth to adopt and implement a moratorium on disconnections for nonpayment for some duration of time during the warm weather months, specific heat and/or poor air quality events, or certain combinations of the above. The AGO believes such moratorium should protect from disconnection during the summer all households eligible for protection under the winter disconnection moratorium.

Four Categorical Alternatives for Moratorium on Electric Disconnection during summer period and/or during periods of extreme heat or poor air quality. The AGO identified four categories of electric disconnection moratoria during summer periods and/or during periods of extreme heat or poor air quality: (1) situation-based protections, wherein disconnection protections are triggered by temperature, air quality, and/or a combination thereof; (2) calendar-based protections, which protect customers from disconnection during a certain designated time frame in the calendar year; (3) overlap-based protections, wherein protection against disconnection is triggered if a certain situation (i.e., temperature and/or air quality threshold) occurs during a designated period of the calendar year; and (4) hybrid protections, wherein protection against disconnection is triggered both during a certain designated period of the calendar year and during certain situations (regardless of when they occur).

The AGO recommends that the Commonwealth adopt a hybrid disconnection protection model.

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[73] Hunza Irfan, *Addressing Energy Burden in the Northeast* (last modified Aug. 27, 2024), https://neep.org/blog/addressing-energy-burden-northeast#:~:text=In%20Massachusetts%2C%20low%2Dincome%20households,protection%2C%20and%20arrearage%20management%20programs.

[74] Craig LeMoult, *Hundreds of thousands of Mass. Households are behind on utility bills as end of shut-off moratorium looms* (last modified Feb. 23, 2022), https://www.wgbh.org/news/local/2022-02-23/hundreds-of-thousands-of-mass-households-are-behind-on-utility-bills-as-end-of-shut-off-moratorium-looms.

[75] *See* Dr. Andrew DeBenedictis, et al., *Interagency Rates Working Group Study Near-Term Progress Report* (last modified Aug. 12, 2024), https://www.mass.gov/doc/near-term-rate-strategy-draft-report-for-public-comment/download.

Situation-based. A situation-based moratorium prohibits service disconnections for nonpayment when temperatures and/or air quality measurements exceed designated thresholds.[76] Rhode Island has a situation-based moratorium, wherein utilities are prohibited from terminating electric service when the National Weather Service issues "a heat advisory or excessive heat warning."[77] Such moratoria are more flexible than a calendar-based approach, providing protections to ratepayers irrespective of when the enumerated dangerous conditions arise.

However, situation-based moratoria also may also pose potential logistical challenges for distribution companies and ratepayers alike, as the latter must be made aware that the such moratoria have been triggered. Situation-based moratoria would require distribution companies, based on temperature and/or air quality forecasts and designations, to rapidly and effectively notify customers about the moratorium and its anticipated duration. This can be particularly challenging, and potentially even create customer confusion, because customers often may not review the contents of the notification before or even during the moratorium.[78] The AGO also notes that, as extreme heat events become more frequent, a situation-based moratorium may prove confusing for certain customers where shutoff protections are being created and removed based on changing temperatures and air quality conditions. However, the AGO is aware that Eversource may have adopted voluntary practices for disconnection protections during extreme heat or poor air quality, and is interested in confirming this practice and, if confirmed, learning what communication challenges Eversource has encountered, and how Eversource has sought to address and overcome those challenges.

Calendar-based disconnection protection. Calendar-based (sometimes also referred to as "seasonal") disconnection protections prohibit the termination of utility services for nonpayment during a designated date range. While 30 states, including Massachusetts, have calendar-based disconnection protections in cold weather months, "only two states – Delaware and Missouri –

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[76] *See* Trevor Memmott, et al. *Utility Disconnection protections and the incidence of energy insecurity in the United States,* 26 SCIENCE 3, 3 (Mar. 17, 2023). https://www.sciencedirect.com/science/article/pii/S2589004223003218#:~:text=There%20are%20three%20general%20categories,utilities%20from%20disconnecting%20electric%20service (describing temperature protections as when "states prohibit regulated utilities from disconnecting electric service to residents if the temperature is above or below a certain threshold").

[77] 810 R.I.C.R. 10-00-1.17(F), *available at* https://rules.sos.ri.gov/regulations/Part/810-10-00-1.

[78] *See, e.g.*, Tuscan Electric Power, *Notice of Filling Comments to Proposed Modifications to the Rules Regarding Termination of Service* (last modified Dec. 14, 2020), https://docket.images.azcc.gov/E000010566.pdf?i=1729956460371, at 7, 9 (noting that some customers' "preferred method of communication may be by standard mail," which introduces an inherent delay before communications reach such customers, and stating in response to the proposed customer communication requirements for informing customers about shutoff protections that "[t]he notification requirements are not possible to perform during singular days, or unpredictable non-contiguous periods. For example, customers typically will not read such notifications immediately and will be confused reading it later when disconnections would actually occur.").

offer date-based protections" in warm weather.[79] The general practicability of calendar-based moratoria is clear from their ubiquity, and instituting a calendar-based warm weather moratorium in Massachusetts carries similar advantages as the calendar-based cold weather moratorium: certainty, logistical simplicity, and ease of communication. A calendar-based protection policy's primary weakness is a lack of flexibility, potentially resulting in an failure to protect customers where dangerous heat and/or air quality conditions emerge outside of the designated date range. This rigidity is particularly concerning to the AGO in light of the unpredictable nature of localized heat and air quality impacts of climate change, and that as climate change accelerates and worsens, there is greater likelihood that such impacts emerge in the "shoulder" seasons outside of peak summer.

Overlap-based disconnection protection. Overlap-based disconnection protections prohibit termination of utility services for nonpayment when certain situations (e.g., extreme temperatures or poor air quality) occur *within* a certain date range. It appears that Maine may be the sole jurisdiction with such an approach, with a recent statutory amendment there prohibiting disconnections for nonpayment during periods of "extreme weather or temperature conditions, including both extreme heat and humidity" that occur between April 16 and November 14.[80] The AGO does not recommend that the Commonwealth adopt this approach: it incorporates all of the weaknesses of the situation-based approach (e.g., communication challenges, uncertainty, and potential for customer confusion) while also diluting the primary strength of the situation-based approach, *i.e.*, its flexibility to provide protection against hazardous heat and air quality circumstances regardless of when those circumstances arise.

Hybrid disconnection protection (AGO preferred approach). A hybrid disconnection protection program prohibits terminations for nonpayment both during a specified date range *and* whenever certain circumstances arise (regardless of date). By incorporating a calendar-based moratorium, the hybrid approach provides certainty to ratepayers, who know they are safe from service terminations during peak temperature months. As with all calendar-based moratoriums, the date range throughout which blanket disconnection protection is given to eligible customers is designed to capture the portion of the year during which the circumstances against which the moratorium is designed to protect (e.g., excessive heat and/or poor air quality) are most likely to occur.

However, by also providing protection against disconnection during certain temperature or other air quality threshold exceedances (regardless of the date), a hybrid approach incorporates the situation-based approach's ability to guard against the unexpected and adapt to the changing and uncertain impacts of climate change. While the situation-based protections would still present challenges, because the calendar-based protections would already provide protections during the

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[79] Sanya Carley, et al., *Electric Disconnections: Legal Protections & Policy Recommendations,* Energy Justice Lab, at 6 (last modified 2023) https://utilitydisconnections.org/doc/electric-utility-disconnections-legal-protections-and-policy-recommendations.pdf.

[80] *See* Maine P.L. 2024, ch. 145. As of November 1, 2024, the Maine Public Utilities Commission does not appear to have implemented this new provision.

time of year when they are most necessary, the situation-based protections would be evoked much less frequently, thus reducing communication challenges and likelihood of customer confusion.

For these reasons, the AGO believes that it would be most advantageous to vulnerable ratepayers for the Commonwealth to adopt a hybrid summer disconnection prohibition model. This approach provides flexibility to adapt to future climate change impacts, while providing certainty during peak temperature and poor air quality months. This approach is also better suited than a purely calendar-based approach to incorporate improvements in public health science and new understandings of the interaction between high temperatures, air quality, and risks to human health.

Statutory or regulatory changes necessary to effectuate a moratorium on electric disconnections during summer months or periods of extreme heat or poor air quality. Implementing a hybrid-based protection (or any summer moratorium) likely would require either an amendment to G.L. c. 164 establishing a hybrid-based protection mortarium, or potentially an Executive Order issued by the Governor declaring a state of emergency during extreme heat or air quality events, enabling temporary protective measures.

Statutory Amendment to G.L. c. 164, § 124F. The statute establishes a winter shutoff moratorium, which prohibits gas and electricity companies from shutting off service between November 15 and March 15 to any residential customer who cannot pay an overdue charge because of financial hardship if the customer uses the service for heating. The statute authorizes the Department to promulgate rules and regulations for implementation of the winter moratorium. The Legislature could amend G.L. c. 164 to also establish a warm weather disconnection moratorium to provide protections against termination during certain months and high temperature and/or low air quality events, and authorize the Department to promulgate rules and regulations for its implementation.

Executive Action. Even absent any statutory authority to create a warm weather disconnection moratorium, the Governor could, if they declare a state of emergency in Massachusetts, grant the Department authority to take necessary action that "assure[s] the public safety and welfare."[81] On March 10, 2020, Governor Baker declared a state of emergency in response to the COVID-19 pandemic.[82] This declaration activated the Department's existing statutory authority pursuant to G.L. c. 25, § 4B, which authorizes the Chair of the Department to "temporarily suspend any department rule or regulation and implement any emergency rule, procedure or protocol that is

[81] *See* Department of Public Utilities, *Chairman's First Set of Orders under G.L. c. 25, § 4B* (Mar. 24, 2020), https://www.mass.gov/doc/chairs-1st-set-of-orders-under-c-25-s-4b-re-covid-19/download.

[82] *See* Citizens' Housing & Planning Association, *Department of Public Utilities Orders Moratorium on Utility Shut Offs* (last modified March 13, 2020) https://www.chapa.org/housing-news/department-of-public-utilities-orders-moratorium-on-utility-shut-offs. *See also* Department of Public Utilities, *COVID-19 Shutoff Moratorium Eversource and National Gird* (last modified Mar. 13, 2020), https://www.mass.gov/doc/covid-19-shutoff-moratorium-eversource-and-national-grid/download.

necessary to respond to the emergency," and issue an order take action to prioritize "restoration or continuing availability of gas, electric, and water utility services."

The Department is required to promulgate regulations to establish standards of acceptable performance for emergency preparation and restoration of service for electric and gas distribution companies doing business in the Commonwealth. In situations where extreme heat, humidity, and/or poor air quality reach critical levels, the Governor could issue a similar emergency order, authorizing the Department to implement a temporary moratorium in accordance with its existing authority to protect public health and welfare. This authority would, however, be limited to periods of declared emergency, and thus could not create any permanent heat-responsive policies.

Overall, a statutory amendment would provide the most straightforward and durable means of establishing a warm weather disconnection moratorium. A state of emergency, however, could serve as an interim solution, helping to protect public health during a specified time period.

F. <u>Enrollment and verification</u>

F.1. For the Distribution Companies, please explain each company's current process for automatically enrolling customers in discount rates.

The AGO looks forward to reviewing the distribution companies' responses.

F.2. For the Distribution Companies, please explain each company's current process for enrolling customers in discount rates through all means other than automatic enrollment.

The AGO looks forward to reviewing the distribution companies' responses.

F.3. How often and through what process should customers have to re-verify eligibility?

Periodic re-verification of eligibility to participate in income-qualified programs is necessary to ensure that ratepayer funds are directed to those households that are qualified to receive the benefits of those programs. However, these processes also pose an administrative and cost burden to the utilities and directly burden the customer who is applying to participate.
In D.P.U. 23-150, Dr. Henderson submitted an Insights Brief as an exhibit to her testimony, Exhibit AG-CEH-Surrebuttal-3 (referred to herein as "AG Ratepayer Insights Brief"), which described the challenges customers have faced when applying to income-qualified programs or when re-certifying eligibility. The challenges to re-verify eligibility include:

- Uncertainty or lack of awareness that re-verification is required;
- Substantial paperwork that makes re-verification applications difficult to complete (particularly in the context of re-verification through LIHEAP); and

- Frustration when deadlines are missed, as this results in losing benefits that may push customers further into arrears on their utility bills.[83]

Higher participation rates in income-qualified programs will be achieved by reducing the administrative burdens on customers. While LIHEAP requirements are set at the Federal level and cannot be altered by the Department, there are several opportunities for the distribution companies to reduce their own administrative burdens as well as customer burdens associated with re-verification.

First, where feasible and practical, the AGO recommends that the distribution companies allow customers to re-verify once every two years instead of annually.[84] Second, re-verification processes should be customer-centric and easy to understand. Third, eligibility requirements should be aligned where possible and customers should be automatically enrolled into programs that they are eligible for when they apply to another income-qualified program.

Allow customers to re-verify once every two years instead of once annually. In the EDC-LDC Joint Initial Comments in this proceeding, the distribution companies stated that a tiered approach to LIDRs, as proposed by National Grid and approved by the Department in D.P.U. 23-150, "are broad enough that small changes to household income are unlikely to change the household's tier maintaining the same discount rate over several years.[85] Considering National Grid's representations, Dr. Henderson testified in D.P.U. 23-150 that auto-renewals into the LIDR were appropriate for the proposed rate and could be combined with verification procedures to ensure that the rate was operating as intended:

> auto-renewals into the LIDR in this scenario are feasible and practical. Auto-renewals for income-qualifying customers seeking energy affordability services "prevent agencies from unnecessarily removing customers from the rolls, often without their knowledge." Further, auto-renewals reduce the administrative burden on the Company, the CAAs that assist ratepayers with income verification, and the ratepayers themselves. An audit system can be employed to help ensure that households remain in the appropriate LIDR tiers.[86]

In support, Dr. Henderson pointed to models from other utilities to demonstrate that such a process was feasible:

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[83] *See* D.P.U. 23-150, AG Ratepayer Insights Brief, at 5, 10, 17, 23; AGO In. Br., at 168-69. The AG Ratepayer Insights Brief is attached as an Appendix to these Comments.

[84] The AGO notes that in D.P.U. 23-150, National Grid stated that it "accepts the concept of LIDR customers recertifying their eligibility every two years." D.P.U. 23-150, National Grid Reply Br., at 66. The Department deferred this issue to the instant proceeding. D.P.U. 23-150, Order, at 592.

[85] EDC-LDC Joint Comments, at 9.

[86] D.P.U. 23-150, Exh. AG-CEH-1, at 17 (quoting Ben Nathan and Jamie Wimberly, *The utility affordability crisis: a call to simplify access to energy assistance programs* (last modified Nov. 8, 2023) https://www.esource.com/blog/4462303fur/utility-affordability-crisis-call-simplify-accessenergy-assistance-programs).

> Several utilities have already operationalized some form of renewal program that is less demanding than their original discount rate application process. For example, the Sacramento Municipal Utility District ("SMUD") asks its ratepayers to re-apply to its discount rate once every 1–2 years. Similarly, Southern California Edison ("SCE") customers must re-enroll once every two years.[87]

In its Initial Brief in D.P.U. 23-150, the AGO recommended that re-certification be required every two years, rather than every year.[88] The AGO continues to recommend that approach in this proceeding. The AGO notes that it agrees with National Grid that the income tiers of its LIDR are broad enough that small changes to income are unlikely to result in changes to a household's eligible discount rate. As discussed by Dr. Henderson, other utilities, including SMUD and SCE, are utilizing the AGO's recommended approach.

Design re-verification processes in a customer-centric manner, and streamline those processes wherever possible. The AGO recommends a human-centered re-certification approach that minimizes inconvenience to, and time spent by, the customer. As Dr. Henderson discusses in her testimony in D.P.U. 23-150,

> [c]ustomers should receive at least two notices, via different channels (i.e., bill insert and direct mail or email) when it is time to re-certify. Customers should be able to complete their re-certification digitally by confirming their account and their eligibility, or via paper application.[89]

For example, SMUD:

> sends its ratepayers a renewal application when it is time to re-apply, which can be completed by mail or email. Already enrolled customers in the SCE program receive a notice in the mail telling them that it is time to re-enroll. Customers can then complete an online procedure wherein they verify their account and re-certify.[90]

Further, it is important that all customer-facing communications in all channels (paper, digital, websites) related to re-verification processes and procedures employ customer-centric language that is clear, concise, and easily understandable to ratepayers, instead of utility legalese. In her testimony in D.P.U. 23-150, Dr. Henderson documented specific examples of use of legalese, technical terms, and terms that customers do not relate to or understand.[91] For example, ratepayers do not generally use terms such as "arrears forgiveness" or "arrearage management," which are

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[87] D.P.U. 23-150, Exh. AG-CEH-1, at 17.

[88] D.P.U. 23-150, AGO In. Br., at 167.

[89] D.P.U. 23-150, Exh. AG-CEH-1, at 18.

[90] D.P.U. 23-150, Exh. AG-CEH-1, at 17-18.

[91] D.P.U. 23-150, Exh. AG-CEH-1, at 30-31.

technical legalese terms."[92] Instead, customer-centric language to convey similar concepts would be more appropriately stated as, "You may be eligible to receive money back" or "You may be eligible for debt forgiveness."[93]

Align eligibility requirements where possible and automatically enroll customers into programs that they are eligible for when they apply to another income-qualified program. Income-based eligibility guidelines should be aligned across income-qualified programs to the extent possible. For example, if a customer qualifies at a certain tier for a discount rate, the utility should easily be able to match that customers' income qualification in a program and auto-enroll the customer into certain programs (such as the low-income discount rate). Further, customers should not have to complete initial or re-verification applications for multiple programs, where the program is already sponsored by the state or federal government and when those programs have aligned income eligibility requirements.

The existing data-sharing agreements between the Executive Office of Health and Human Services ("EOHHS"), the Department of Transitional Assistance ("DTA"), and distribution companies is a key example of where this is already occurring. On October 16, 2024, the Healy-Driscoll Administration announced expanded automatic enrollment for low-income discount rates. MassHealth members and DTA Clients will automatically receive discounts on their gas and electric bills without having to submit additional paperwork – typically a burdensome process for customers.

Continuing to further develop and expand data-sharing agreements such as these will ensure more customers are automatically enrolled into services and programs for which they qualify. In her testimony in D.P.U. 23-150, Dr. Henderson recommended that the distribution companies consider expanding the pool of means-tested programs by which income-qualified customers will automatically qualify for enrollment:

> As an example, a 2022 study by Evergreen Economics identified a variety of opportunities for California investor-owned utilities to investigate additional means-tested programs that could be incorporated into existing categorical eligibility and automatic enrollment protocols. Those included American Indian and Alaska Native HeadStart, California HeadStart, CalWORKS, SSI, and Lifeline. Specifically, I recommend that the Company explore data sharing agreements with, and categorical eligibility through, Tribal Programs, Family and Youth Services, Medicaid, Special Milk Program, and Summer Food Service.[94]

The AGO similarly recommends in this proceeding that all of the distribution companies explore data sharing agreements and categorical eligibility through additional programs to the extent

[92] AG Ratepayer Insights Brief, at 15.

[93] *See* D.P.U. 23-150, Exh. AG-CEH-1, at 30-31.

[94] D.P.U. 23-150, Exh. AG-CEH-1, at 15–16.

possible to reach households that may not be participating in other services that are covered under existing data-sharing agreements.[95]

F.4. Whether and how can community action agencies ("CAAs"), community-based organizations ("CBOs"), and state agencies be used to facilitate enrollment, automatic or otherwise, and verification or re-verification?

The AGO views CAAs, CBOs, and state agencies as key stakeholders that can assist distribution companies to design customer-centric programs free from unnecessary barriers to enrollment. As distribution companies design proposals, these stakeholders should be included in program design as they know the communities, clients, and residents they serve, how to address community concerns, and how to design solutions. The same stakeholders can (and in some cases already do) assist customers to enroll and verify eligibility, and are important intermediaries between the distribution companies and ratepayers.

CAAs should be viewed as essential partners in both program design and program implementation as they have significant expertise and already play an important role in serving income-qualified customers within the Commonwealth. As noted in Dr. Henderson's Insights Brief, CAAs provide a critical source of outreach, marketing, and education to income-qualified customers; and already process applications for customers for certain programs, such as LIHEAP.[96] Moreover, CAAs provide direct person-to-person contact for those ratepayers who prefer or need it. Because they provide a broad array of services and are situated within the communities they serve, CAAs are uniquely situated to understand the needs of their customer base, as well as which programs will best serve their customers.

CAAs may also serve as a hub for expanding services to qualified individuals because they provide services and programs that encompass energy, housing, food, nutrition, health, and more. If a customer contacts a CAA to inquire about housing or food assistance benefits, the CAA has the opportunity to evaluate whether that customer may be eligible for various energy affordability programs. Dr. Henderson described how "[i]nterviewees who have worked with a caseworker or CAP agency learned about various affordability solutions through those individuals or agencies, including during a housing transition, or when applying for other programs such as [Residential Assistance for Families in Transition]."[97]

Many CBOs could also be collaborators with the distribution companies to assist in expanding the reach of affordability programs to eligible ratepayers. While the mandate of different CBOs is not universal, many times CBOs are viewed as trusted community partners, are located within and staffed by the communities they serve, and regularly communicate with the communities they serve about community concerns. If a distribution company has lower participation rates in affordability programs in certain communities based on what might be expected from customer

[95] *See* D.P.U. 23-150, AGO In. Br., at 171.

[96] AG Ratepayer Insights Brief, at 5, 19, 20.

[97] *Id.*, 20.

data, a CBO with a strong and effective presence in that area would be a good partner for the utility to assist with achieving higher participation rates.

State agencies that administer income-qualified programs, such as DTA and MassHealth, also have significant expertise. Based on the experience of agency staff serving clients and designing non-utility programs, there are likely helpful lessons learned that can inform affordability program design for affordability programs.

Some additional examples of ways in which CAAs, CBOs, and state agencies can facilitate enrollment and verification include:

- Customer-centric enrollment. Any interaction that a customer has should be designed to be simple, easy, understandable, and usable – whether that enrollment process is an online form, an in-person interaction with a representative, and/or any printed communication. If a customer wants information online about an affordability solution, they should be able to locate that information easily. They should not have to scroll through multiple websites or scroll far down on individual website pages. This also demonstrates the importance of the "one-stop shop," as described in detail in response to F.5.
- Ensure customer data is used and transmitted in a time-sensitive manner to support automatic enrollments. CAAs and state agencies should continue to ensure data sharing and automatic enrollment occurs regularly; this seems to be working very effectively.
- Align program requirements. As affordability solutions continue to be aligned in terms of program and income requirements, a greater number of customers will benefit from a broader diversity of affordability solutions. For example, customers who qualify for LIHEAP also automatically qualify for the LIDR.
- Educate customers on self-attestation opportunities for verification and/or re-verification. Per the Department's final order in D.P.U. 23-150, National Grid will be working with the AGO and other interested stakeholders to develop a proposal for a two-year pilot of customer self-attestation for income verification for the LIDR.[98] CAAs and CBOs are in a unique position to support community members by providing information on the new self-attestation pilot. Self-attestation has the potential to substantially reduce the administrative and cost burden for distribution companies and is significantly less burdensome, complex, and time-consuming for customers compared to traditional income verification requirements. It will be important for the CAAs and CBOs to share information on this, as they are embedded within the communities they serve, know their customer base, and often are trusted by the communities they serve. CAAs and CBOs should also be closely involved as National Grid develops the pilot as they can provide key input on program design and education efforts.

[98] D.P.U. 23-150, Order, at 591.

F.5. Whether and how could state agencies establish a "one-stop shop" for enrollment, verification, and re-verification in all state assistance programs, including AMPs, discount rates, and service termination relief?

An effective "one-stop shop" would serve as an information resource on energy affordability programs; an application center for customers; a portal where customers can log in to see the status of their applications, thus promoting transparency and accountability to ratepayers. This type of one-stop shop would take residents from program entry through completion (i.e., successful enrollment in a discount rate). Such an approach could significantly ease the burdens on income-qualified residents of the Commonwealth.

The concept of a one-stop shop is not new within the energy industry. Utilities throughout the United States have developed and implemented one-stop shops for the purchase of energy efficiency measures, often referred to as "utility marketplaces." A customer fills out a simple form with their contact information and then is moved into the process of being matched to a contract for their assessment or consultation. After their assessment or consultation, the customer can choose to move forward with a variety of rebated energy efficiency measures.[99]

In addition, state agencies may be increasingly pursuing one-stop shops for the Home Energy Rebates Program ("HOMES") and the High-Efficiency Electric Home Rebate Act ("HEEHRA") state programs, funded through the Inflation Reduction Act ("IRA"). To date, dozens of states and territories have applied for Department of Energy ("DOE") funding to launch their programs.[100] DOE has approved Massachusetts' request.[101] This initiative could ultimately provide models for how to develop a one-stop shop that integrates state and federal incentives and programs, along with other energy and affordability offerings, information on financing, help finding qualified contractors, and program applications. For example, New York State has launched its' HOMES program online portal. A website visitor simply enters their county and the number of people living in their household, and is then provided with information on home eligibility and qualifications, income guidelines, incentives offered, available financing, and help finding a contractor.[102]

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[99] Georgia Power Company ("GPC") provides a slightly different one-stop shop model that offers the direct purchase of instantly rebated energy efficient products. For example, GPC has a one-stop shop marketplace where ratepayers can get a home energy assessment; learn about various energy-efficient products; shop for and purchase energy-efficient products, which are then delivered to their doorstep; and obtain information on energy-saving programs. GPC, https://www.energy.gov/energysaver/energy-saver. Similarly, several utility vendors, such as Uplight and Franklin Energy, provide one-stop shops to their utility clients for energy offers, program, and installations, thus facilitating a plethora of customer energy-related transactions. These marketplaces often allow qualified customers to receive relevant and customized offers, receive instant rebates on products, enroll in energy efficiency programs, and schedule installation of certain home energy efficiency products with an easy, streamlined checkout process.

[100] U.S. Department of Energy (last modified Oct. 30, 2024) https://www.energy.gov/save/rebates.

[101] *Id.*

[102] New York State Energy Research and Development Authority, *Home Energy Efficiency Programs* https://www.nyserda.ny.gov/All-Programs/Home-Energy-Efficiency-Upgrades. This website is not a model for customer-centricity. However, it does contain the types of information that one-stop portals can provide to their customers.

Providing a one-stop shop is one of five core strategies that the American Council for an Energy Efficient Economy ("ACEEE") recommends for adapting energy efficiency programs to better serve under-reached customers, including income-qualified customers, renters, and rural customers.[103] A single point of contact for a variety of programs makes it easier for customers, removing friction and barriers, as well as the need to substantiate income for participation across multiple programs. A one-stop should:

- Be accessible to the community members it serves (i.e., neighborhood location, online, phone, and not require a computer and internet access);
- Be accessible in terms of language and disability requirements; and
- Be easy to use.

In a 2022 article, RMI described the application of the one-stop shop concept to deep home energy retrofits, noting that:

> A "one-stop shop" retrofit program for deep energy retrofits is akin to walking into a car dealership and picking your make and model, features and aesthetic specifications, and financing and maintenance plan all at once. Applied to whole-home retrofits, this model allows residents and building owners to determine their retrofit needs, access contractors, and receive support from multiple funding sources.[104]

The need for a one-stop shop is particularly important considering the findings from Dr. Henderson's Insights Brief. The findings include the following:

- Ratepayers do not perceive energy affordability offerings as discrete, individual programs, but instead, view them as related, or co-mingled forms of government assistance;
- Overlapping programs and inconsistent program names between different websites (i.e., utility, state) can overwhelm, confuse, and deter ratepayers from applying;
- Ratepayers want to see language that resonates more with them, and that is clear and easy to understand; and
- Imagery must resonate with customers. The imagery placed on energy assistance websites can be misleading to income-qualified ratepayers. For example, the Mass Save website includes a photo of a design-magazine style room and someone touching a Nest thermostat, which was interpreted by an interviewee as a "*homeowner*" program, and not a program for those who rent.[105]

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[103] American Council for an Energy-Efficient Economy, *Adapting Energy Efficiency Programs to Reach Underserved Residents*, at 4 (last modified Nov. 2023), https://www.aceee.org/sites/default/files/pdfs/adapting_energy_efficiency_programs_to_reach_underserved_residents_-_encrypt.pdf; *see* D.P.U. 23-150, Exh. AG-CEH-1, at 26.

[104] Mark Kresowik and Lauren Reeg, *Funding Our Future: Creating a One-Stop Shop for Whole-Home Retrofits* (last modified March 31, 2022) https://rmi.org/creating-a-one-stop-shop-for-whole-home-retrofits/.

[105] AG Ratepayer Insights Brief, at 19.

Currently, ratepayers must navigate a wide variety of information sources and websites to find information they are looking for. These include the:

- MASS CAP website, which provides information on a variety of energy services such as heating fuel assistance, discounts on utility bills, and weatherization;
- Mass Save website, which provides information on efficiency incentives and rebates, as well as home assessments;
- Utility-specific websites, which provide information on the programs they offer, such as discount rates, home energy assessments, and payment assistance programs; and
- State agency websites, such as DTA, where customers can seek information on SNAP and other benefits, and apply for those benefits, as well as DOER, where residents can find information on electric vehicle rebates and programs.

There is overlap between the types of information that these websites convey; however, that is not necessarily obvious from the customer perspective, given different website layouts, navigation toolbars and frames, and program names and language that is not always consistent across resources. Accordingly, a "one-stop shop" to streamline information and accessibility is preferable and the Department should investigate next steps as to how to implement a "one-stop shop," including the appropriate entity within the Administration to host it.

F.6. Please explain if there is a particular group of households or customers that are eligible to be served on the discount rate but are not, and explain the basis for this determination. Provide supporting data and analysis or explain what analysis needs to be performed to make such a determination.

There are likely a substantial number of customers who are eligible for a discount rate, but whom are not currently enrolled in that rate. Dr. Henderson found that some income-qualified ratepayers at or below 60% of State Median Income ("SMI") were unaware of the available discount rate, uncertain if they were enrolled in it, or uncertain if they were eligible for the rate.[106] This finding indicates an opportunity to further identify and target households not currently participating. Quantifying the total number of customers, and which customers within the Commonwealth who are eligible for a discount rate will aid in targeted marketing, education, and outreach to those customers, thus driving participation in the rate overall. While the Insights Brief provided information on customer preferences, motivations, and understanding of the low income discount rate, and important insights into how customers juggle bills, view utility programs, and manage their energy use, the AGO does not have additional data on which groups of customers are qualified but not enrolled.

F.7. What groups of eligible customers are difficult to enroll and why?

[106] AG Ratepayer Insights Brief, at 14 (four of twelve interviewees had not heard of their utilities' LIDR or were unsure if they had heard of it; four of twelve interviewees were not participating on their utilities' LIDR and three of twelve were unsure if they were participating).

Based on available data on participation rates in the Commonwealth, the AGO is unsure which eligible groups of customers are difficult to enroll. The AGO requests that the Department include in the scope of this proceeding a focus on data collection and reporting to establish utility data collection and reporting requirements that can support such an inquiry, with the goal of supporting increased enrollment.

While the interviews were limited to only 12 ratepayers, findings in Dr. Henderson's Insights Brief provide direct evidence that customers who are low-income, some of whom are also renters and may be rural customers, groups that are identified as underserved in energy efficiency programs, are also under-participating in affordability programs. For example, interviewees (all of whom fell below 60% SMI) expressed a constant juggle in being able to afford all their monthly living expenses, and described several different energy-limiting behaviors, some of which pose real health risks. Of 12 individuals interviewed, only eight were aware of the LIDR, demonstrating an opportunity for enhanced outreach to ensure ratepayers who are eligible for the LIDR know about it and can apply.[107] Further, five of 12 interviewees reported being on their distribution companies' LIDR, three said they were unaware whether they were on the rate, and four reported that they were not on the rate.[108]

Underserved populations in energy efficiency programs. Some data on energy efficiency program participation rates and customers who participate at lower rates than others may be instructive. Various articles and reports document that low-income customers, renters, non-native English speakers, and limited English-proficiency ("LEP") customers are underserved. In a 2023 article, ACEEE described methods to adapt energy efficiency programs to reach under-served residents, noting that:

> participants of residential energy efficiency programs tend to be disproportionally white, higher-income, college-educated homeowners. Due to systemic racial, economic, social, and geographic inequities, the following groups tend to be underserved: communities of color, non-native English speakers, low- and moderate-income customers, residents of multifamily buildings, renters, rural customers, tribal nations, and residents of mobile or manufactured homes.[109]

In a 2022 study published on the Massachusetts energy efficiency equity targets and metrics, an independent evaluation team found that moderate-income households, renter households, and limited English-speaking households participated at a lower rate in Mass Save energy efficiency

[107] AG Ratepayer Insights Brief, at 14.

[108] *Id.*

[109] American Council for an Energy-Efficient Economy, *Adapting Energy Efficiency Programs to Reach Underserved Residents* (last modified Nov. 2023) https://www.aceee.org/sites/default/files/pdfs/adapting_energy_efficiency_programs_to_reach_underserved_residents_-_encrypt.pdf.

offerings than other populations from 2013–2017.[110] A 2018 report prepared by the Conservation Law Foundation found similar disparities.[111]

Reasons for under-enrollment (i.e., barriers to successful enrollment). There are likely several reasons that different groups may be difficult to enroll in utility offerings. Dr. Henderson delineates several barriers to enrollment and participation in the Insights Brief. In summary, those barriers center around:

- Lack of awareness of programs and eligibility. Quite simply, if a customer is unaware of a program, they will not know how to enroll. And if a customer has unanswered questions about eligibility or is confused, eligibility requirements can present barriers to customers completing enrollment applications. Further, some customers do not think they qualify for programs labeled as "low income" – instead, they may view their households as working class.
- Documentation requirements and certain enrollment processes are challenging. Substantial documentation is required to qualify for income-based services such as LIHEAP. Although the requirements to demonstrate eligibility for the LIDR are fewer compared to LIHEAP, verification of LIDR eligibility simultaneously occurs with LIHEAP enrollment, so people who fail to complete LIHEAP paperwork are also likely failing to enroll in the LIDR.
- Use of terms that are difficult for customers to relate to or understand. With regards to terms that may be difficult to understand, not all individuals know what "gross income" means, which presents a challenge when customers do not know what should be included or excluded from that calculation.

There are likely additional barriers specific to different customer segments that warrant further research to ensure all barriers are identified and solutions are appropriately developed for individual customer groups that are underserved.

Recommendations for addressing barriers specific to different underserved groups. The ways in which barriers are addressed will depend, to some extent, upon the different groups being targeted for increased participation and upon the barrier itself. Below are some examples of opportunities for reducing participation barriers for LEP households and renters.

Limited-English proficient households. Language barriers should be addressed by: (1) developing educational content in a culturally sensitive and appropriate manner, and in the appropriate language (using common language-appropriate terms); and (2) targeting customers who are likely to participate in a particular outreach channel.

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[110] State of Rhode Island Energy Efficiency & Resource Management Council, *Massachusetts Energy Efficiency Equity Targets, Metrics & Reporting* (last modified Nov. 28, 2022) https://ripuc.ri.gov/sites/g/files/xkgbur841/files/2023-11/2335-EERMC-exhibit%2011-20.pdf

[111] *Id.*; Elizabeth A. Stanton et al, *Accessing Energy Efficiency in Massachusetts* (last modified March 2018) https://static1.squarespace.com/static/5936d98f6a4963bcd1ed94d3/t/5abd0fa42b6a28e550f1abbb/1522339749389/MA+Access+to+EE+Initial+Report+27Mar2018+update.pdf.

Questline described how National Grid partnered with them to produce a series of four educational webinars about financial assistance programs. These were produced with closed captioning and broadcast separately in Spanish and Portuguese. The webinars also included a video of an American Sign Language interpreter. According to Questline, the four webinars resulted in over 9,770 customer webinar registrants. During the webinars, customers could ask live questions about different programs and options for them.[112]

Renters. Renters make up roughly one-third of American households and have unique barriers to participation in energy efficiency measures. According to a Smart Energy Consumer Collaborative ("SECC") 2022 article, renters "typically have limited agency to make substantial changes to their homes and are, therefore, unable to participate in many programs to install various technologies, such as weatherization."[113] Tennessee Valley Authority used several strategies to reach renters. For example, the utility conducted workshops at high-rise buildings with a single meter (i.e., electricity costs for customers are included in their rent). Tennessee Valley Authority also found that outreach to property managers was fundamental for program success, noting that, "property managers are preoccupied with maintenance and other day-to-day concerns…bridging this gap can be a win-win-win situation for renters, property managers, and the utility."[114]

Targeted marketing and outreach can also support reaching eligible customers, with messages tailored specifically to the experiences of underserved groups. For example, Questline described how FirstEnergy used a segmented email campaign to reach income-qualified customers who were also renters. Emails were personalized and the programs described in the emails were segmented based upon whether the customer was a renter or homeowner. The email campaign focused on enrolling customers in utility income-qualified assistance programs prior to the winter high bill season. An example of their customized email is below.[115]

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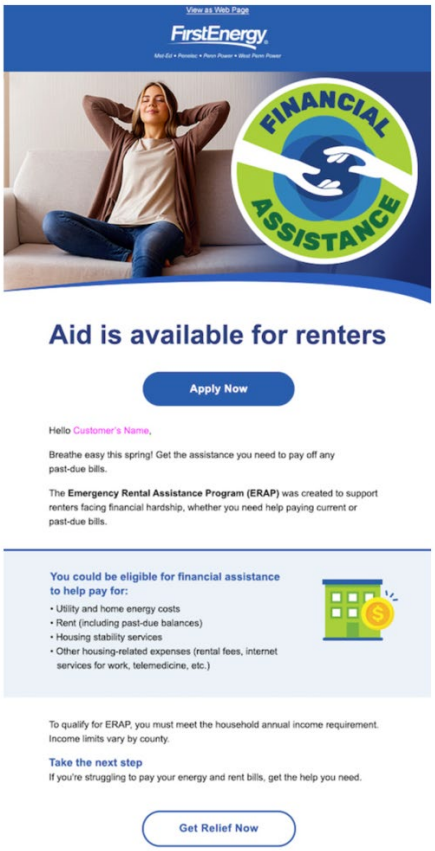
[112] Questline, *National Grid and Eversource Focus on Inclusivity in a Virtual World* https://www.questline.com/who-we-are/our-work/national-grid-eversource-focus-on-inclusivity/.

[113] Nathan Shannon, *How Utilities Can Better Serve Residential Renters* (last modified March 22, 2022) https://smartenergycc.org/how-utilities-can-better-serve-residential-renters/.

[114] *Id.*

[115] Questline, *How to Reach Low-Income Customers of Energy Utilities* https://www.questline.com/blog/how-to-reach-low-income-customers-of-energy-utilities/#:~:text=For%20energy%20utilities%2C%20building%20awareness,bill%20assistance%20and%20budget%20billing.



In this example several strategies were employed: (1) data was used to segment customers; (2) messages, message relevance, and message content was tailored to renters; and (3) the email campaign and message success was tracked (i.e., click-through rates, applications submitted, program participation), which can then inform modifications to outreach and messaging.

F.8. Whether and how to establish a self-verification process?

Customer self-verification, also referred to as customer self-attestation, of income has been implemented in other jurisdictions and at the Federal level with the Department of the Treasury. As described by Dr. Henderson in D.P.U. 23-150:

> The Department of the Treasury describes self-attestations as the least burdensome approach to income verification to create a "more equitable and efficient program" that benefits households and communities. The Department of the Treasury also notes that customer self-attestations can expedite households receiving support, thus alleviating unnecessary stress for homeowners, all while reducing overall administrative burden. Reducing entry barriers to participation can catalyze an increase in access to services, enrollment, and participation. A 2023 American Council for an Energy Efficient Economy policy brief notes that reducing requirements for proof through customer self-attestation can enable more households to access services.

> [Further,] several utilities already use customer self-attestation and may serve as models for this process. While these utilities will have obvious differences – for example, in geographic location, ratepayer base, and services offered – the point is to use and adapt models and best practices from other jurisdictions as feasible.[116]

Developing a process for self-attestation will require the following:

- A self-attestation form and informational requirements. Utilities already implementing self-attestation use a simple 1 or 2-page form that customers can complete either on paper or electronically. The data to be collected should include the account holder's information (i.e., name, account number, address), the number of people in the household, and information on household income. It must also include a dated and signed self-attestation from the account holder. For examples of self-attestation forms, including language used, formatting, and requirements, Dr. Henderson provided specific examples in D.P.U. 23-150, Exh. AG-CEH-Surrebuttal-2.
- User testing new messaging, application forms, and processes**.** Ideally, any new self-attestation process will include user testing of the website and process, ensuring comprehension, ease, usability, and convenience for customers. According to the Department of Energy, "user testing is a research activity designed to evaluate the usability of a website or application by observing representatives from your key audience(s) as they try to perform a set of realistic tasks using your site or application."[117] Testing in this way allows website developers to understand what is and is not working from the user's point of view, thus identifying needed modifications to enhance usability. Usability tests can be conducted in-person or remotely through video platforms. Typically, the researcher will ask the user to perform a series of individual tasks, evaluating customer ability to complete those tasks (i.e., find a form on a website, or fill out a form). Usability testing often asks the user subjective questions as well to understand their perceived experience, satisfaction, and any barriers users encountered. Customer interactions with self-attestation online portals could be assessed for comprehension (i.e., ensuring language makes sense from the customer point of view, and that directions are clear); ease and usability (i.e., the customer is able to easily navigate the website, fill out required information, and submit their form); and convenience (i.e., the customer is easily able to locate and navigate to the required form and submit it). With all user testing, it is critical that sampling and recruitment efforts reflect the different types of users who will ultimately use self-attestation. For example, any user testing should attempt to reach a representative customer group based on key socio-demographic metrics, such as: service area/utility provider; home type (i.e., single-family, multi-family); income level; age; ethnicity/race; primary language spoken at home. Ideally, the new self-attestation process will include user testing of any online forms that customers must complete.
- Conducting outreach and education. When the pilot is implemented, it is important for customers to know that they can self-attest. As discussed earlier, if customers do not know

[116] Exh. AG-CEH-Surrebuttal-2. Examples of utilities using self-attestation forms for income verification: Southwest Gas, Tucson Electric Power, Bonneville Power Administration.

[117] U.S. Department of Energy, *Usability Testing Best Practices* https://www.energy.gov/eere/communicationstandards/usability-testing-best-practices.

about the self-attestation pathway, they will not be able to participate in it. Specific recommendations related to conducting outreach and education are discussed in response to G.1. These recommendations also apply to outreach and education related to self-attestation.

- Designing back-end systems to cost-effectively support the self-attestation process. This may vary utility to utility, depending upon which systems are already in place. In short, the process from the customer point of view should be seamless. The system should have the capability to automatically notify a customer once their self-attestation form is received, and to also notify a customer that they have qualified for and enrolled in the program. The system should be able to proactively alert customers when they must re-self-certify. Finally, the process must be designed in a user-friendly way for those actually using it.
- Ongoing monitoring and data checks. With proper monitoring of incoming self-attestations and data checks at regular intervals, any necessary changes to the customer-facing portal can be implemented based on the customer experience of the process (if not identified during user testing prior to implementation). For example, if a back-end user discovers that a significant number of customers have started their self-attestation forms, but have not yet submitted them, there could be a flaw in the submission process.
- An audit process. An audit process is necessary to ensure that ratepayers are not paying for programs for ineligible customers. A certain percentage of self-attestations should be audited to ensure customers self-attesting their family size and income are in fact qualified for program participation. Ideally, an external independent auditor, with expertise in these types of audits, would conduct this work.
- Measurement and reporting. For a new process such as this, the distribution companies should measure and report on the outcomes of the self-attestation process. Key metrics for success that should be considered include both outcome and process metrics. For outcome metrics, these may include metrics such as the number of program participants compared to baseline (i.e., did self-attestation increase participation in a program); and cost metrics associated with implementing self-attestation (which should include the audit process) compared to the costs of prior verification methodologies to determine if self-attestation results in overall cost savings. For process metrics, these may include metrics such as customer satisfaction, ease, and convenience with self-attestation; and ease and usability ratings amongst staff using the self-attestation process.

F.9. For National Grid and Opower, explain the pilot program to increase enrollment in financial assistance programs (commencing in summer 2023) and provide the resulting data and summary explanations of this data.

The AGO looks forward to reviewing National Grid's and Opower's response.

G. Outreach

G.1. By what methods should Distribution Companies enhance outreach efforts to inform customers that households between 200 percent of the federal poverty level and 60 percent SMI are eligible for discount rates?

There are well-established best practices regarding outreach and communication with ratepayers throughout the customer journey – from initial awareness of income-qualified offerings through actual participation and ongoing engagement with their utility. The practices described below apply both to income-qualified and non-income-qualified groups. Dr. Henderson's direct testimony in D.P.U. 23-150 describes some of these best practices as recommendations for how National Grid should use its marketing, education, and outreach ("MEO") efforts to drive ratepayer awareness of, and participation in, the proposed tiered LIDR.[118] The AGO also recommended in its Initial Brief that the Department direct National Grid to integrate the best practices in its approach to MEO related to its proposed tiered LIDR.[119] As a global recommendation, the AGO recommends that the distribution companies integrate these best practices in their affordability program MEO efforts as well as their communications with customers more generally.

Build customer trust by leaning into ratepayer values and using community-specific, locally contextualized messaging. The only way to accomplish this best practice is by understanding ratepayers' motivations, attitudes, needs, barriers, and complexities. As part of its MEO efforts, the distribution companies should ensure they are including their ratepayers' voices in messaging design.

One of the best ways in which to do this is to first conduct message testing for new messages, communications, marketing materials, and website portals that will be customer-facing.

Message testing is a type of market research that evaluates marketing language related to a specific product, program, solution, or even company brand, and can be conducted through both qualitative and quantitative methodologies. Often, both methods are used to triangulate research results, typically with qualitative insights informing a broader quantitative survey approach. Message testing is used to assess: qualitative feedback and quantitative metrics focused on customer awareness and familiarity with a given solution/product/brand; the associations that customers may have with specific words or messages being tested; and customer attitudes, favorability, reactions, and emotional responses to messages. Both qualitative and quantitative message testing should be completed with a diverse group of participants who might use the intended solution/product/brand. In addition, recruitment criteria should be delineated in advance, and might include socio-demographic recruitment data such as service area, home type, primary language spoken at home, participation in specific programs during the past 12 months.

Qualitative message testing can be completed in-person or virtually through a variety of online platforms. Insights gained from qualitative message testing may be used to slightly alter or shape messages to be further tested and refined in a broader quantitative survey. For quantitative surveys,

[118] *See* D.P.U. 23-150, Exh. AG-CEH-1, at 22–42.

[119] *See* D.P.U. 23-150, AGO In. Br., at 172–82; AGO Reply Br., at 10–11.

a variety of online platforms exist to complete message testing. Results should be weighted to ensure the participant groups are statistically similar. Additional approaches to user testing are discussed in response to F.8.

Avoid overly complex, legalese style language. Keep language and linguistics in all MEO materials and customer touchpoints simple and easy to understand. Many ratepayer communications are difficult to find, often buried in technical documentation and/or legalese. This not only leads to a lack of transparency to customers, it also heightens distrust that customers may feel toward their utility provider.

Language and linguistics should generally be kept to a fifth-grade reading level, and materials should be in accessible places and venues. As stated in a 2020 blog from Thomson Reuters Legal, an agency that offers legal products and services: "your clients are not members of the legal professional and will not understand much of the legal terminology you use."[120] Similarly, most utility customers are not members of the utility profession and will not understand utility legalese.

Additional strategies, which are based on an ACEEE 2023 report[121] identifying five best practices to better reach under-service customers and are also discussed in Dr. Henderson's direct testimony,[122] include:

Pursue equitable community engagement. Common barriers to effective community engagement include language barriers, limited finances, and limited technology access, along with low trust of utilities and awareness of the programs they provide. Engaging communities robustly requires building trust through relationships. Some ways in which distribution companies may be able to effectively do this includes:

- Ensure community leaders have leadership roles and a voice in program design, delivery, and outcomes;
- Share outcomes with community members to ensure there is a feedback loop (i.e., a community member gives feedback and later receives information about how that feedback was used or not used);
- Hire community members to serve on decision-making bodies;

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[120] Thomson Reuters, *Why you should forgo the legalese when communicating with clients* (last modified Jan.14, 2020) https://legal.thomsonreuters.com/blog/why-you-should-forgo-the-legalese-when-communicating-with-clients/.

[121] American Council for an Energy Efficient Economy, *Adapting energy efficiency programs to reach underserved residents*, at 4 (last modified Nov. 2023) https://www.aceee.org/sites/default/files/pdfs/adapting_energy_efficiency_programs_to_reach_underserved_residents_-_encrypt.pdf.

[122] D.P.U. 23-150, Exh. AG-CEH-1, at 25–28.

- Provide incentives for community members to participate in decision-making and processes, especially because many income-limited individuals will be less likely to have the financial resources to attend meetings and events.[123]

Provide a one-stop shop to customers. A single point of contact for a variety of sources makes it easier for customers, removing friction and barriers related to application and enrollment processes and the need to verify income for participation across multiple programs. A one-stop should:

- Be accessible to the community members it serves (i.e., neighborhood location; online).
- Be accessible in terms of language and disability requirements.
- Be easy to use.

This is described in more detail in response to F.5.

Create and share equity metrics. Metrics are an important way in which distribution companies can be held accountable. Metrics should be designed to be specific, measurable, attributable, relevant, and time-bound (often referred to as "SMART"). Further, a metrics dashboard or some other public-facing display of metrics is important for community buy-in and engagement. By making metrics public, community members can assess how their program administrator is doing. Metrics should be impact metrics, and not output metrics. For example, a metric that defines the number of low-income customers who receive a specific affordability benefit (i.e., rate, solution, or other offering) within a specific time frame is preferable to a metric that assesses how many customers received an email about an affordability benefit. The distribution companies can support trust-building with communities by working alongside community members to define the most relevant metrics for the communities they serve.

Develop the local workforce. Investments in local workforce development can help lift individuals out of poverty and can result in households reinvesting within their local economies. This is another means by which to build trust within communities. Metrics that may be useful include those focused on training and/or hiring a certain number or percentage of individuals from under-served communities, employing local contractors, and investing a certain amount of money in workforce education within a specified time period.

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[123] As one example detailed in the ACEEE report, Philadelphia Gas Works provides gift cards to those who participate on its customer advisory panel. As another example, Portland General Electric ("PGE") hosts a Community Benefits and Impacts Advisory Group. The group advises PGE on issues such as inclusive contracting and distribution infrastructure. Group members are compensated for their time. ACEEE, *Strengthening equity in energy efficiency programs: case studies of two utilities* (last modified Oct. 2023) https://www.aceee.org/sites/default/files/pdfs/strengthening_equity_in_energy_efficiency_programs_-_case_studies_of_two_utilities_-_encrypt.pdf.

Tailor marketing to meet customer needs. Behavior-influencing strategies[124] are important for effective MEO, but they cannot be applied uniformly; they require specific knowledge about a community's needs, motivations, and barriers. Additionally, messaging will resonate with customers differently depending upon where they are in their energy journey. For example, a customer just learning about the LIDR may respond to messaging differently than a customer who is already participating in a LIDR and is interested in other affordability solutions.

G.2. Whether and how to target outreach to customers in those areas with the most disconnections and the most customers in arrearages or on AMPs, in addition to targeting Environmental Justice populations and other demographics?

The AGO recommends targeting specific customer groups for outreach, including those currently experiencing disconnections, those likely at risk of disconnections, and those with arrearages, in addition to targeting environmental justice populations, as discussed in the AGO Initial Comments in this proceeding.[125] This response is intended to complement and expand upon, but not replace, the AGO's prior responses in this proceeding.

In a 2023 ACEEE article entitled, "Proactive steps needed to reduce burdens for households experiencing energy insecurity," study authors point to the need to proactively identify customers "struggling to afford energy before they are in an acute crisis or at risk of shutoff."[126] They point to different examples of how to identify and reach those customers who are, or may be, struggling with energy affordability:

Place-Based or Location-Based Approach. The Washington State Department of Commerce uses state health department data for "areas disproportionately exposed to poor air quality and other environmental justice and health disparities to identify communities to prioritize in their

[124] Behavioral science demonstrates several ways to tailor marketing to influence an individual's behavior, including: (1) commitment refers to a marketing and/or program feature in which program participants are asked to make a pledge (written or verbal) to participate in certain solutions or adopt certain behaviors; (2) feedback is a marketing and/or program feature which influences behavior by providing participants with information related to their energy use; (3) follow-through is a marketing and/or program feature that drives behavior by providing reminders to customers to follow-through on an intended action; and (4) framing is a marketing and/or program feature which influences behaviors by presenting them in a way that is most effective in persuading a customer to take action on that behavior. *See* Exh. AG-CEH-1, at 27-28 (describing these examples of how to tailor marketing to meet customer needs).

[125] *See* AGO Initial Comments, at 14-15, 29,

[126] Amanda Dewey, *Proactive Steps Needed to Reduce Burdens for Households Experiencing Energy Insecurity* (last modified Oct. 6, 2023) https://www.aceee.org/blog-post/2023/10/proactive-steps-needed-reduce-burdens-households-experiencing-energy-insecurity.

work."[127] This is a place-based approach, in which geographic areas are identified based on different relevant metrics. New York State employed a similar approach, when it defined levels of risk, burden, vulnerability, and sensitivity to different metrics at the Census tract level (this example is discussed in detail in the AGO Initial Comments).[128] One limitation of targeting geographic areas is that it can sometimes miss those struggling with energy affordability, and as such, should be coupled with deep and robust community engagement efforts to identify specific communities and households who may need support in paying their energy bills.[129] That said, a place-based approach may also be more feasible if individual household-level data is unavailable or limited, or if organizations have capacity and resource constraints.

Customer-Based Approach. A different approach involves proactively targeting individual customers, based on data the utility already has for those customers. For example, any customer who is sent a disconnection notice should simultaneously be sent information on affordability programs and no-cost energy efficiency services that may provide the opportunity to reduce and/or catch up on any outstanding balances. Using data analytics, customers can be identified who:

- Have received a disconnection notice within, for example, the past 60 days;
- Are due to receive a disconnection notice in the immediate future (i.e., 30 days);
- Are past due in paying their utility bills by a specific amount (i.e., $300);
- Have had irregular payment behavior in the past; and
- Have unusually high energy consumption levels, which may indicate poor housing stock (i.e., lack of insulation, air sealing, weatherization), or unusually low energy consumption levels, which may indicate energy limiting behavior (i.e., reducing cooling and heating to the extent that indoor air temperatures are uncomfortable and/or unsafe).

Many utilities possess disconnection, past-due balance, and detailed energy consumption information. While energy consumption will be more granular after deployment of advanced metering infrastructure, all of the EDCs currently have, at minimum, monthly consumption levels. Utilities can use this data to identify customers who are likely at risk or who are already at risk of experiencing disconnections and past due balances.

ACEEE article authors also note the importance of breaking down barriers among different departments within organizations, and even amongst different organizations. For example, they note that

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[127] *Id.*

[128] AGO Initial Comments, at 12-14.

[129] Amanda Dewey, *Proactive Steps Needed to Reduce Burdens for Households Experiencing Energy Insecurity* (last modified Oct. 6, 2023) https://www.aceee.org/blog-post/2023/10/proactive-steps-needed-reduce-burdens-households-experiencing-energy-insecurity.

> in many cases, groups of staff members in government or utility offices working on different aspects of energy affordability, such as an energy efficiency program and a bill assistance program, have limited collaboration with each other. This can lead to programs and staff being less able to complement each other and can limit opportunities to streamline initiatives and simplify processes for households.[130]

This is particularly critical, given that customers can be disempowered or unsure how to proceed when experiencing disconnections or past due balances in the absence of ways to solve these issues. Coupling disconnection and past due balance information with other affordability solutions, such as a low-income discount rate, LIHEAP, and energy efficiency solutions can help customers and increase efficiency within companies. For example, Consumers Energy in Michigan has coordinated its weatherization services with its bill assistance programs instead of offering them as separate programs.[131] This is an example of an approach where customers struggling with affordability are offered solutions through a single communication. Similar to practices for utility disconnections, that communication should be sent multiple times, through multiple channels (i.e., bill insert, utility representative phone call) to ensure the customer receives those notices and information.

G.3. Whether and how CAAs and CBOs can be used to facilitate outreach?

The AGO recommends that the distribution companies work with CAAs and CBOs to facilitate outreach. These organizations are embedded within the communities they serve, are already trusted messengers to the communities that they serve, and are already providing numerous services to their clients and communities. The Department of Energy recommends specific steps to strategically determine and evaluate partners for potential MEO efforts. These include assessing gaps that MEO partners could fill; determining potential partners and identifying those that are likely to be trusted sources for a program's priority target audiences; recruiting those partners (which may entail new relationship-development or the expansion of existing relationships); and developing partnership agreements that outline the resources each partner provides, each partner's role, the approval process for any joint materials, and the terms, scope, and duration of the partnership.[132]

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[130] *Id.*

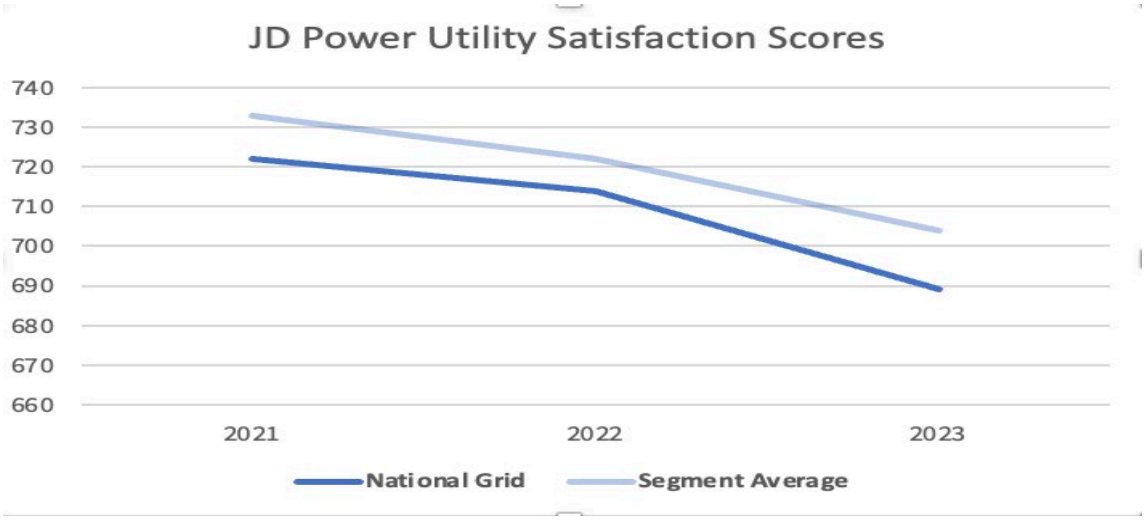
[131] American Council for an Energy-Efficient Economy, *Toward Affordable Energy Access: Approaches to Reducing Energy Unaffordability, Arrearages, and Shutoffs* (last modified Oct. 2023) https://www.aceee.org/sites/default/files/pdfs/toward_affordable_energy_access_-_approaches_to_reducing_energy_unaffordability_arrearages_and_shutoffs_-_encrypt.pdf

[132] U.S. Department of Energy, *Marketing & Outreach – Identify Partners* (last modified March 28, 2016) https://rpsc.energy.gov/handbooks/marketing-outreach-identify-partners#edit-group-step-by-step.

Specifically, CAAs and CBOs are likely to be important partners in several of the best practices described in response to G1 and G2, including:

- Identifying historically under-served and under-represented communities;
- Ensuring all MEO efforts are culturally and linguistically appropriate;
- Developing and bolstering the local workforce; and
- Tracking and analyzing progress on key equity and affordability metrics.

Finally, CAAs and CBOs may be in a stronger position to conduct outreach and recruit historically under-served customers into key energy affordability offerings because they are often trusted community members, educators, and partners, especially compared to the distribution company providing service in that area.[133] Challengingly, overall utility customer satisfaction and trust has eroded over the past few years. According to JD Power, which conducts large-scale customer surveys to measure utility customer satisfaction, this is largely a result of utility rate increases, inadequate utility outreach to communicate changes in rates to customers, and a lack of customer awareness that rate increases were occurring. National Grid's customer satisfaction, for example, has followed this downward trend, and scores lower in overall customer satisfaction compared to similarly sized utilities in the eastern United States region, falling from 722 (out of 1,000 points) in 2021 to 689 in December 2023.[134] The following figure, adapted from JD Power Utility Satisfaction Scores, demonstrates the downward trend, comparing National Grid and the East Region Large Utility Segment, from 2021 to 2023.



[133] *See* D.P.U. 23-150, Exh. AG-CEH-1, at 23.

[134] J.D. Power 2021, 2022, and 2023 Electric Utility Residential Customer Satisfaction Surveys.

By way of example, PacifiCorp pursued a "trusted community messenger model by hiring a diversity and community outreach coordinator based in its service territory with decades of experience interfacing with the communities the utility serves. Trusted messengers can help create two-way dialogue and effective communications between the utility and their community."[135]

[135] Erifili Draklellis et al, *Five Steps for Utilities to Foster Authentic Community Engagement* (last modified June 2, 2022) https://rmi.org/five-steps-for-utilities-to-foster-authentic-community-engagement/.