

November 10th, 2014

**RE: Stakeholder Forum on November 6, 2014**

**Development of an Ongoing, Ratepayer Funded, Electricity Bill Assistance Program**

**Board File No.: EB-2014-0227 Questions for Stakeholder Input**

The United Way Greater Simcoe County took the Board’s questions regarding the design of a ratepayer-funded ongoing assistance program (“OESP”) to a task Force of its Partnering Agencies. Presented here are their recommendations. Further, the United Way Greater Simcoe County (UWGSC) has added some statistical observations of those currently receiving emergency assistance under the LEAP program*.*

1. ***Should the OESP be designed to provide support to the greatest number of low-income customers or to provide targeted support to those low-income customers with the greatest need?***

Our Partnering Agencies recommended that a well-designed ratepayer-funded ongoing assistance program should target support to low income customers with the greatest need. There should be a deep vs wide approach in order to reach the most vulnerable.

The UWGSC ‘s data has 66% of those currently obtaining LEAP funds receiving some form of Government assistance through such programs as Ontario Works, Ontario Disability Support Program or by way of the Canada Pension Plan. The average annual income (as a family unit) for LEAP recipients is $20,050. The average monthly bill is $225. The average arrears are near $680.

The UWGSC has observed that use of the LICO definition for defining low income, though not updated since 1992, is still capturing those low-income customers in greatest need.

1. ***How could the OESP best meet its intended objective? a. A percentage-based credit (i.e. 10%) applied to the customer’s total bill that is the same for all eligible low-income customers?***

***b. A fixed credit (i.e. a fixed dollar-amount rebated off each bill such as $50) that is the same for all eligible low-income customers?***

***c. A ‘customized’ fixed-credit that is tied to eligible low-income customers’ income level and electricity consumption? (The credit could either be determined individually for each customer, such that the customer only pays an amount equal to a specified percentage (i.e. 6%) of their household income; or by establishing credits for low income customers based on predetermined income and consumption brackets (i.e. a specific credit matched to a certain estimated annual usage.)***

Our Partnering Agencies recommended that a well-designed ratepayer-funded ongoing assistance program should be a customized fixed credit in order to impact the most vulnerable.

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The UWGSC has observed that revising income eligibility by using LIM versus LICO and placing a maximum credit ceiling by way of changing the percentage of income burdens deemed to be “affordable” can be counterproductive in providing assistance to those in greatest need.

The UWGSC would suggest that if the LICO definition for low income is retained (with known volumes of eligible customers) then the percentage of income burdens deemed to be “affordable” should be set at 4% (heat & hydro). On average we estimate this would create a $14 credit per month.

If LIM is used as the definition for low income and the percentage of income burdens deemed to be “affordable” set at 6%, we estimate that the average credit is reduced to $8 per customer. There would be significantly more customers seeking relief but the average relief per customer would be reduced by 43%. If the primary objective is to provide a deep vs wide approach in order to reach the most vulnerable, we suggest that the use of LIM (if adopted) be set no higher than the 25th percentile.

***3. How should the OESP be funded: through a provincial charge that is uniform for all ratepayers, collected centrally and then paid out to distributors based on their OESP requirements; or should each distributor collect the revenue required to fund the OESP needed for its service area through its distribution rate****?*

Our Partnering Agencies recommended that a well-designed ratepayer-funded ongoing assistance program should be funded by a uniform rate. There was a suggestion that the Province should provide matching funds to the rate payer funding.

The United Way Greater Simcoe County supports that any rate payer funding should be on a provincial basis.

***Observations:***

The UWGSC believes that the primary objective of an ongoing assistance program be designed to provide both efficient and effective support to low-income customers. This social value of such a program is better served by providing deep vs a wide approach in order to reach the most vulnerable.

Regards

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