If It’s Affordable, Will They Pay? A Review of a Low Income Bill Payment Pilot Program

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ABSTRACT

We Energies, Milwaukee-based community action agencies, and other local program partners designed the Low Income Pilot (LIP) around a vision that low-income customers will pay their energy bills if they are made more affordable to them. In March 2005, We Energies approached the Public Service Commission of Wisconsin (PSCW) to approve this three-year pilot program, which provides arrearage forgiveness and reduce payment agreements with low-income Milwaukee residents.

The program, as outlined in We Energies’ proposal to the PSCW, intended to “keep [low-income] customers connected and ... aggressively change the factors that are most closely associated with low income customers’ inability to pay their energy bills.” The pilot plans to accomplish this goal through a flexible structure that does not include a “one strike you’re out” approach. The LIP offers to participants: reduced budget bill payment amount; arrears forgiveness based on bill payment performance; allowances for limited payment failure; energy education and financial management counseling; and case management, defined by We Energies as follow-up when households do not fulfill program requirements.

The program, when compared against its goals, was moderately successful in the first year. However, the first program year experienced administrative difficulties that may have limited program success. Even with the early administrative limitations, this analysis shows that more households regularly paid their bills while on the program than off. Whether the positive bill payment behavior is purely a function of the reduced bill amount, or due in part to the ancillary services provided by the program, is not yet able to be determined.