

# **ICC Staff Report: Low-Income Discount Rates For Electric And Natural Gas Residential Customers Are Appropriate For Illinois**

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SPRINGFIELD - Pursuant to a provision of the Climate and Equitable Jobs Act, a comprehensive study by the Illinois Commerce Commission (“Commission” or “ICC”) has concluded that low-income discount rates for electric and natural gas customers are

appropriate for Illinois. On Dec. 15th, the Commission approved the report summarizing the study and offering recommendations for the implementation of discount rates. The Commission further requested that large electric and gas utilities identified in the report file low-income discount rates in their next rate design case, using the recommendations and issues raised in the report to shape their filings. The report has been sent to the members of the Illinois General Assembly in accordance with CEJA.

“At the Commission, utility affordability is always top-of-mind for us as we consider decisions impacting consumers. As we move through the CEJA implementation process and the transition to a greener, cleaner grid, discount rates will help ensure no one is left behind,” said ICC Chairman Carrie Zalewski.

“According to the U.S. Department of Energy, the average percentage of gross household income spent on energy costs is nearly three times higher for low-income households than for non-low-income households. Discount rates could ease the disproportionate energy burden on low-income families,” said ICC Commissioner Michael T. Carrigan.

With the study complete, CEJA gives the Commission the authority to permit or require electric and natural gas utilities to file a tariff establishing low-income discount rates.

The Commission concluded:

- Electric Utilities with more than 3,000,000 residential delivery services customers in Illinois, Combination Electric and Gas Utilities with more than 500,000 residential delivery service customers in Illinois, and Gas utilities with more than 100,000 residential delivery services customers in Illinois should offer a tariffed low-income discount rate. Further, all other electric and natural gas utilities in Illinois should be encouraged (but not required) to propose a tariffed low-income discount rate.
- All such utility low-income discount rate proposals should include tiered discounts for different income levels, which are applicable only to the delivery services charges.
- All such utility low-income discount rate proposals should include a cost recovery mechanism that is consistent with Illinois law and Commission practice.
- All such utility low-income discount rate proposals should support the clean energy goals and policies of Illinois and should not include rate designs that undermine or are counterproductive to achieving the State’s clean energy goals and policies.
- All Utilities should leverage existing programs and processes to streamline administrative processes and minimize costs relating to eligibility requirements, verification mechanisms, and outreach/customer education procedures while maintaining the confidentiality of sensitive customer data.

To act upon these conclusions, the Commission requested large gas and electric utilities to file low-income discount rates and recommended that smaller electric and gas utilities consider filing as well.

The study began this summer with a request by the ICC Staff for feed-back from various stakeholders on the potential adoption of discount rates pursuant to CEJA. 12 agencies provided comments and input into the study, including: Ameren Illinois, ComEd, MidAmerican, Nicor, Attorney General of the State of Illinois, Edward Bodmer, Citizen's Utility Board, Mt. Carmel, People's Gas and North Shore Gas, Blacks in Green (BIG), Community Organizing and Family Issues/National Consumer Law Center (COFI-NCLC), Elevate and the City of Chicago. Responses can be found on the Commission's CEJA implementation webpage under the link titled [Request for Feedback on Low-Income Discount Rates for Electric and Natural Gas Residential Customers](#). Additional follow-up was requested of the participating utilities by the Staff in September. A copy of the final report can be found [here](#).

“A tremendous amount of work has gone into this study. A special thanks to the stakeholders who participated and offered their input,” said ICC Commissioner Ann McCabe. “This study will be very helpful in ensuring all Illinois residents have access to life-saving and affordable utility service throughout the year.”