

Final Report

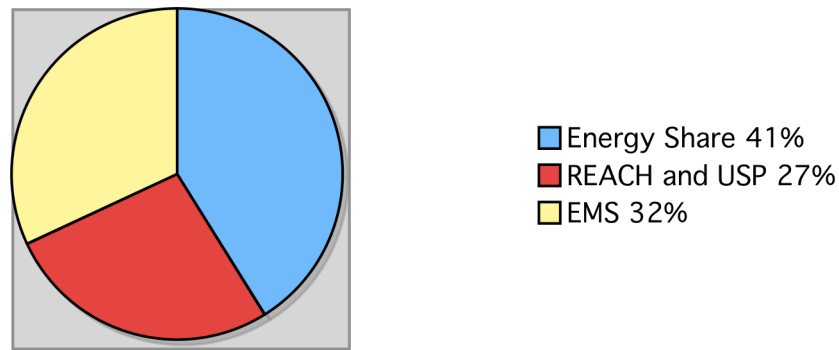
2002 Low Income Assistance Programs Evaluation

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Figure ES.2: EWEB's 2002 Low-Income Program Expenditures



Total Cost = \$1,974,334

Across all the programs, about 31% was spent on administration (EWEB and subcontractors), delivery of services, and energy education. For the EMS Program, administration costs were 12.5% of total costs. For USP, REACH, and Energy Share, it was not possible to separate administration costs from the other labor costs of delivering the programs.

This report presents results from the first comprehensive evaluation of these programs. Quantec, LLC, conducted this study for EWEB, focusing on data for the 2002 programs. In addition to evaluating the programs, our study had the goals of providing recommendations to improve the programs and identifying the steps needed to implement the recommended improvements.

Key Findings

These programs provide a needed service to EWEB's customers. Between 20% and 30% of EWEB's residential households are qualified as low-income customers (defined as households earning less than 60% of the Oregon median income). The need for these services has grown significantly in recent years due to a 40% increase in EWEB's residential electricity rates, high unemployment, and statewide reductions in social service program funding.

The programs provide both direct and indirect benefits to EWEB. Offering these programs not only improves the well-being of EWEB's low-income customers, it also makes good business sense for EWEB and all its customers. The programs benefit EWEB from reductions in customer arrearages, collection costs, service shutoff costs, and similar bill payment costs. By helping low-income customers reduce their electricity consumption, the programs also reduce EWEB's power purchase costs.

Although providing assistance to EWEB’s low-income customers is the main reason for conducting these programs, it is in the economic interest of EWEB and all its customers to review the costs and benefits of the programs and identify ways to make them as financially sound as possible.

To assess the economics of these programs, we estimated the benefits and costs of each program separately and for all programs together. One major benefit expected from these programs was a decrease in electricity consumption. However EWEB’s significant rate increases during 2001 and 2002 caused an overall decline in residential electricity use during this period, and made it problematic to estimate electricity savings that could be attributed directly to the programs.

To address the uncertainty in energy savings that we estimated for these programs, we used one set of pessimistic and another set of optimistic assumptions to calculate a range of electricity savings and other benefits. Table ES.1 presents the midpoint estimates and shows that the combined programs were cost effective—economic benefits to EWEB were fifty percent higher than the costs and the benefit/cost ratio for the package of programs was greater than 1.0. The net benefits of the 2002 programs were nearly \$1 million.

Table ES.1: Overall Program Benefits and Costs from EWEB’s Perspective

	Midpoint Estimate
Benefits	
Reductions in low-income payment problem costs	\$2,037,630
Savings from electricity consumption reductions	\$884,959
Total	\$2,922,589
Total Costs	\$1,974,334
Net Benefits	\$948,255
Benefit/Cost Ratio	1.48

In addition to providing economic benefits greater than their costs, these programs also provide indirect benefits to EWEB from improved public and customer relations. Nearly all outside parties we interviewed said that EWEB has been generous in its support of these programs and commended the utility for its commitment and support. The Low-income customers who participated in the programs consistently gave the utility higher performance ratings than those who did not participate.