Spotlight on Community Assistance Programs: Meeting Core Community Needs Through Innovation

Advancing Energy Access for All

Key Highlights:

- Electric cooperatives offer programs aimed at helping low income and moderate income members by improving energy affordability and energy efficiency. Programs enabling members to exert greater control over energy bills and payments are also widely available.
- Technology advances and cooperative innovations have extended the range and impacts of these programs.
- More can be done to address the challenges of energy affordability and access to unfolding energy opportunities. Electric cooperatives are well-positioned to make an impact and can learn from one another’s experiences.
- Co-ops who are interested in building a community of interest to share best practices and lessons learned, as well as those who are interested in featuring in a case study of innovative practices are asked to reach out to NRECA.

Background

Franklin D. Roosevelt established the Rural Electrification Administration in 1935 to address the lack of access to electricity in nine of ten households in rural America in the 1930s. That rural locale denied a large segment of the population access to the benefits of electrification, including higher quality of life, jobs, and wider economic opportunities that had become prevalent in urban areas. Electric cooperatives were born out of Roosevelt’s leadership and action. Electric cooperatives quickly became the primary vehicle for enabling energy access in rural communities, eventually going well beyond basic electricity service.

Today, the nation’s electric cooperatives continue to level the playing field for rural communities by offering energy services, high-speed internet access, and a wide array of other programs designed to create choice and opportunity within their communities. NRECA’s Advancing Energy Access for All spotlights cooperatives’ involvement in facilitating healthy communities, explores the innovative ways they do it, and uncovers new directions community assistance programs are taking. Advancing Energy Access for All helps ensure rural communities are never left behind and is also an essential element of every cooperative’s existence.
What Has Changed?

Challenges have emerged as the U.S. economy continues to evolve and the electric industry undergoes a transformation driven by technology:

- **Income Inequality** — Income equality in America has worsened over the past three decades. Income disparity between urban and rural areas has increased significantly since rural electrification started.¹

- **Barriers to Adoption of Renewables** — As the utility industry continues to deploy renewable resources, some segments of the consumer population, especially rural America, are at risk of being left behind.

- **Energy Affordability** — Energy affordability remains a key challenge. The percentage of disposable household income that goes to pay a family’s energy bills disproportionately affects consumers in rural areas. Additionally, rural areas have a disproportionate share of energy inefficient and difficult-to-upgrade manufactured housing.

What is the Impact on Cooperatives?

Widespread examples exist of cooperatives doing more than just connecting poles and wires to deliver electricity to their members. NRECA member cooperatives work hard to keep costs low and “go the extra mile” to actively support consumer members who struggle to pay their electric bills. These consumer members include those who are unemployed, underemployed, veterans, chronically ill, and elderly residents. Cooperatives have long offered programs aimed at these segments of their communities.

Electric cooperatives’ program portfolios often include:

- Programs specifically aimed at renters.
- High bill alert and remediation programs.
- Budget billing plans.
- Low income rates and options.
- Support for subsidy programs, such as the federal Low Income Home Energy Assistance Program (LIHEAP).²
- Disconnect policies that recognize the difficulty some customers have in paying their energy bills.
- Home weatherization assistance programs.
- Bill assistance or on-bill financing for energy efficiency upgrades.
- Solar energy participation opportunities.
- Support for direct financial assistance programs through community grants and subsidies, e.g., Operation Round Up.³

¹ [https://inequality.org/facts/income-inequality/](https://inequality.org/facts/income-inequality/)
² [https://www.acf.hhs.gov/ocs/programs/liheap](https://www.acf.hhs.gov/ocs/programs/liheap)
³ [https://ohioec.org/ohio-cooperative-living/operation-round-up/](https://ohioec.org/ohio-cooperative-living/operation-round-up/)
Many co-ops also play a vital role in community development and revitalization efforts. The extensive role co-ops play in reducing the relatively high impact of energy cost on lower income consumers and supporting community development and other community well-being initiatives may not be widely recognized or publicized. As established and well-regarded local institutions, electric cooperatives are well-positioned to continue addressing these challenges in a leadership role with other community resources and members. Providing access to affordable energy (and more recently broadband communications and high-speed Internet) enables enhanced, responsive solutions to persistent community problems like poverty, and helps alleviate challenges faced by many consumer members in rural America.

**What Do Cooperatives Need to Know or Do About It?**

Electric cooperatives serve an estimated 4.2 million people in more than 90 percent of the nation’s Persistent Poverty Counties (PPCs) based on 2017 data. PPCs are counties identified by the U.S. Census Bureau as having a very high percentage of households with incomes below the poverty level over a period of many years. In these economically depressed counties, the share of households with incomes below the poverty threshold ranges from 20 to 60 percent. As shown in Figure 1, electric cooperatives are in a unique position to impact this problem.

![Figure 1. Electric Cooperatives Operate in More than 90% of Persistent Poverty Counties across the United States.](https://www.cooperative.com/content/public/maps/persistent-poverty/index.html)

Click [here](https://www.cooperative.com/content/public/maps/persistent-poverty/index.html) to access NRECA’s map graphic showing persistent poverty counties and electric cooperative service areas.

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5 [https://www.cooperative.com/programs-services/bts/Pages/Broadband-Co-op-Case-Studies.aspx](https://www.cooperative.com/programs-services/bts/Pages/Broadband-Co-op-Case-Studies.aspx)

6 A map showing areas of persistent poverty overlaid by electric cooperative service areas can be found at: [https://www.cooperative.com/content/public/maps/persistent-poverty/index.html](https://www.cooperative.com/content/public/maps/persistent-poverty/index.html)
Recent Studies Identify Rural Energy Needs and Opportunities

In July 2018, the American Council for an Energy Efficient Economy (ACEEE) released their study, “High Cost of Energy in Rural America.” This research highlighted key issues and concerns in low to moderate income households in rural communities, including: ³

- Rural households throughout the U.S. spend a disproportionately higher percentage of household income on energy bills than others in their region and urban/suburban households generally. Nationally, rural low-income households experience the highest median energy costs at 9 percent, almost three times greater than the non-low income rural median of 3.1 percent. Some low income households are even worse off: In several regions, one-quarter of the low income rural households have a median energy cost greater than 15 percent.

- Occupants of manufactured homes in rural areas experience a median energy cost that is 42 percent higher than that of rural single-family homes. The median energy cost of residents of rural manufactured housing is also 32 percent higher than the overall rural energy cost.

- Residents of multifamily structures with 2 to 4 dwelling units have a median energy cost that is 20 percent higher than that of rural single-family households.

- The median energy cost of rural elderly households is 44 percent higher than that of non-elderly households.

- Rural renters experience a median energy cost 29 percent higher than that of home owners.

- The median energy cost of nonwhite households in rural areas is 19 percent higher than that of their white counterparts.

Also, in July 2018, the Smart Energy Consumer Collaborative (SECC) released their research brief, “Spotlight on Low Income: Revisiting Their Needs and Awareness” to raise awareness about the challenges facing low to moderate income families. Highlights from the brief include the following: ⁸

- Low income consumers differ from the general population in significant ways. A substantial percentage of this segment tends to be disengaged, making it more difficult for their utility to successfully market energy-efficiency and related programs to them.

- Low income consumers tell us they know less about energy efficiency measures than their higher-income counterparts. This means there is significant need to educate and engage these consumers. But, it will not be easy as low income consumers go to different sources for trusted information, and the channels by which they engage are more limited.

Advancing Energy Access for All

NRECA’s Advancing Energy Access for All will create a sustainable practice around supporting member cooperatives as they holistically serve their members, especially those who struggle to pay their bills and other families in need.

⁸ https://smartenergycc.org/research-release-seccs-spotlight-on-low-income-consumers/
Our collective activities will:

- Inform and educate NRECA member cooperatives on challenges and opportunities;
- Support community enhancements through member engagement;
- Advocate on behalf of NRECA member cooperatives on new/innovative programs that address member needs;
- Identify and help establish partnerships to advance community solutions for NRECA members; and,
- Build a community of interest to share best practices and lessons learned from member cooperatives.

By taking an active leadership role in this important area, NRECA and our member cooperatives can leverage the experiences, successes, and shortcomings of programs to scale right-sized, innovative solutions to help advance “Energy Access for All” across America.

Case Studies

As part of this initiative, NRECA will develop a series of case studies that encapsulate what cooperatives are doing for their members and their communities, develop a guide that details advancements and solutions on the issue, and identify vendors and partners serving utilities in this space. Case studies may focus on community solar programs, on-bill financing, innovative tariffs, weatherization/energy efficiency, or other community assistance programs. The case studies may also spur new arenas to share and discuss findings and build a community of interest.

The first cooperative that will launch NRECA’s Advancing Energy Access for All case study series — Cherryland Electric Cooperative in Michigan, sheds light on ways to overcome the barriers inherent in providing equal access to the new energy future that is emerging:

- Cherryland’s pilot low income solar program seeks to open access to solar power for a segment of the member population that has until now been largely unable to benefit from clean, renewable energy resources.

Subsequent cases will explore innovative approaches being pioneered by other electric co-ops to break down barriers to low income and economically disadvantaged consumers, reducing their energy costs and improving their quality of life. The case studies series and other resources will be made available to members on NRECA’s website cooperative.com.

An Opportunity to Create a Community of Interest

Electric cooperatives are well-positioned geographically to make an impact on low income and economically disadvantaged households in persistent poverty areas. Cooperatives are often the most highly respected, local institutions in the communities they serve.

Given what is known about the importance of energy costs in a typical rural household budget and the difficulty of addressing persistent poverty, electric co-ops have a unique opportunity to act as a catalyst for positive change as a trusted community resource and leader. Networking with other cooperatives, taking
advantage of NRECA resources, and sharing successes (as well as less successful outcomes) across the wider co-op community will help co-ops realize this opportunity. Cooperatives have the passion and know-how to make a positive impact in the lives of rural households and those families in need. Cooperatives who are interested in helping to build this community of interest to share best practices and lessons learned, as well as those who are interested in featuring in a case study of innovative practices, should please contact Adaora Ifeighb at adaora.ifebigh@nreca.coop.

Related Resources:


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