

Electricity Affordability and Inequalities in Indiana

Zia Saylor

Researcher, Indiana Community Action Poverty Institute



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- ▶ The Indiana Community Action Poverty Institute engages in research and promotes public policies to help Hoosier families achieve and maintain financial well-being.
- ▶ A Program of IN-CAA
- ▶ Data and graphics are from our upcoming report, "Billed to the Breaking Point: Harms From Indiana's High Electricity Costs" published this Fall 2024
- ▶ Sign up to gain access:
institute.incap.org/what-you-can-do-today2



Overview of Electricity Cost In Indiana

- ▶ Ranked 31st in the nation for electricity costs (U.S. Energy Information Administration, 2024)
- ▶ Hoosiers' electricity costs have increased 33 percent between 2012 and 2022, higher than the national average of 19 percent (State Affairs, 2023)
- ▶ Gap between wages and costs
- ▶ Affordability measured through burden of cost
 - Electricity is just one part of a household's energy consumption, raising concerns about outsize electricity costs
 - Typically, "energy burdened" is defined as spending 6 percent or more on energy
- ▶ What does this mean? A choice between food, medicine, or heating.



Overview of Electricity Provision In Indiana



- ▶ Municipal electric companies versus investor-owned corporations
 - Municipal-owned utilities on average \$35 cheaper from 2021 to 2023
 - Yet majority of Hoosiers serviced by investor-owned corporations
 - Incentivization issue: corporations focus on profits and shareholders even with oversight from the IURC

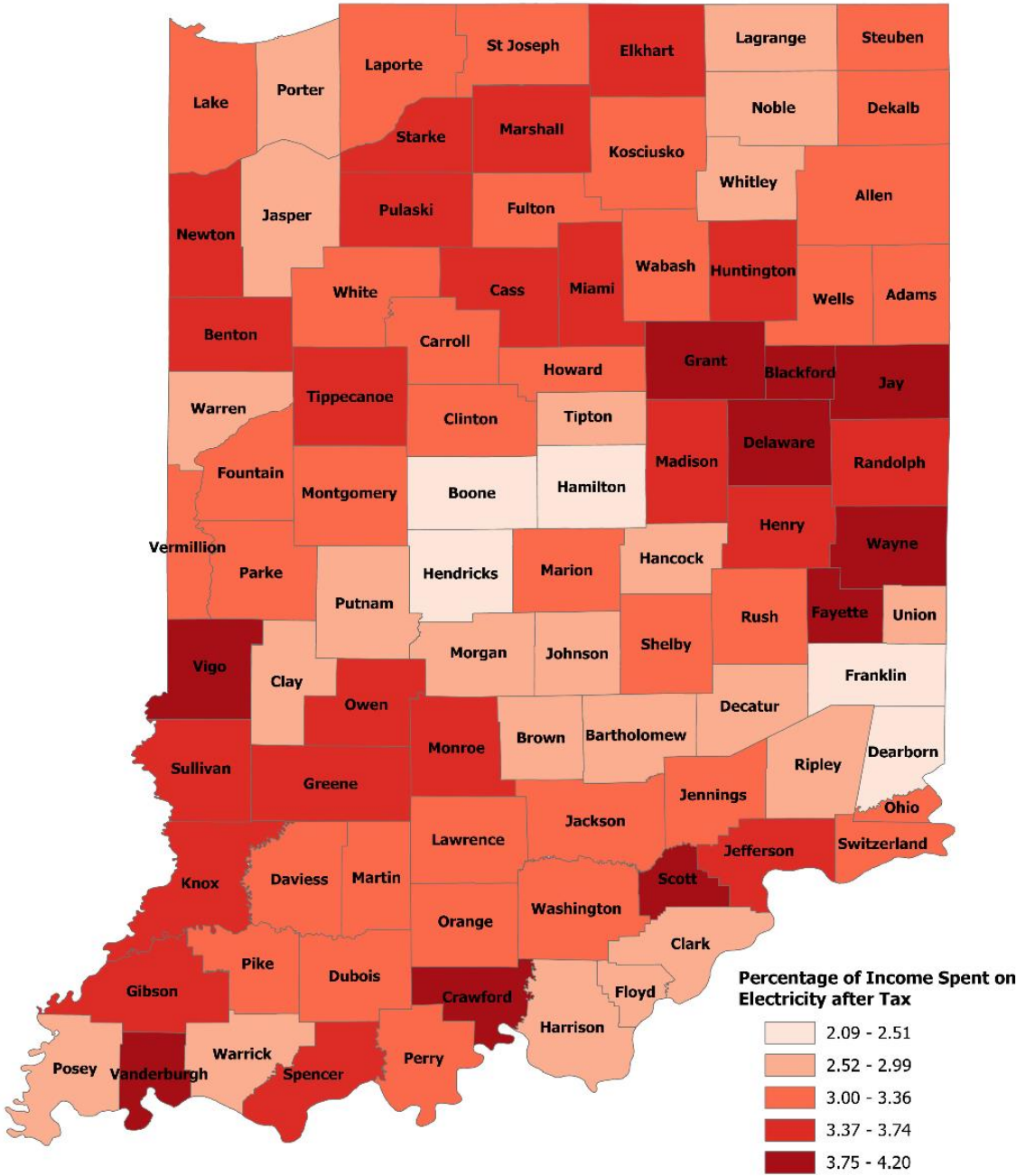


Electricity Experiences of Hoosiers by Income Bracket

	Less than \$20,000	\$20,000 to \$39,999	\$40,000 to \$59,999	\$60,000 to \$74,999	\$75,000 to \$99,999	\$100,000 and Higher	Total Population
Average Electricity Bill (Annually)	\$1,341.27	\$1,351.90	\$1,378.59	\$1,490.39	\$1,621.58	\$2,126.73	\$1,584.87
Estimated Percentage of Income Spent on Electrical (High)	-	7%	3%	2%	2%	2%	-
Been Disconnected	33%	17%	13%	9%	7%	6%	13%
Left House Unhealthy Temperature	13%	12%	10%	7%	3%	3%	8%
Forgone Other Necessities to Pay Electrical Bill	48%	29%	18%	14%	12%	6%	20%
Observations from Survey	52	84	62	56	57	89	400

Notes: Data from the U.S. Energy Information Administration Residential Energy Consumption Survey (RECS) of 2020.

Map of Electricity Burden on Net Median Household Income



- ▶ Rural counties spending on the upper end of electricity burden (3+ percent)
 - Rural counties also have higher heat risk as highlighted by the Center for Disease Control Health and Heat Tracker
- ▶ Reflection of median county wage by average cost given the investor-owned utility that services the county
- ▶ Duke Energy (average \$1,743.36 annual cost) and Indiana Michigan Power (average \$1,815.06 annual cost) serve most of the counties with highest electricity burden (3.75 to 4.20 percent)

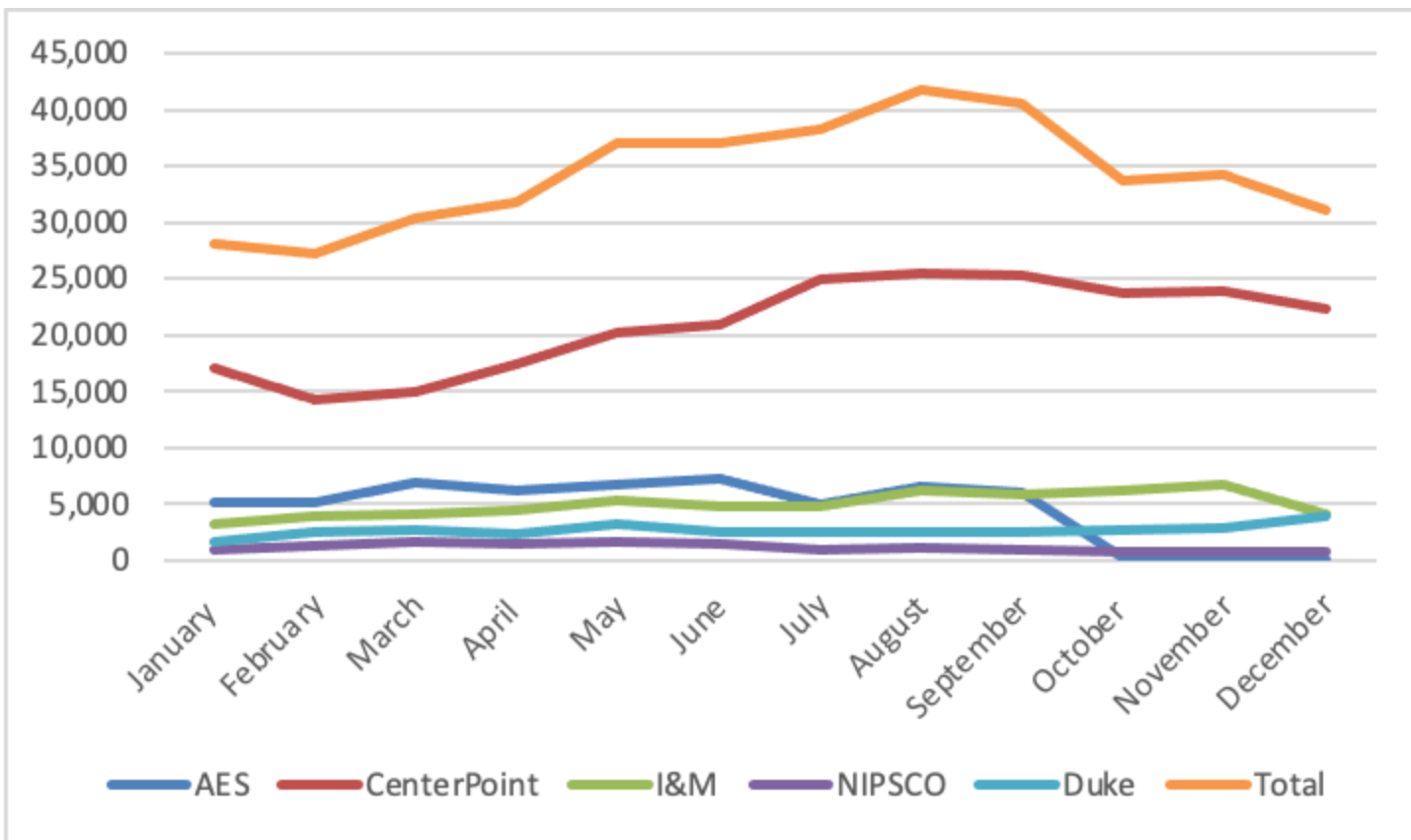
High Electrical Prices Exacerbating Inequality

<i>Race/Ethnicity</i>	<i>Median Annual Income</i>	<i>Electricity Burden on Net Income (State)</i>	<i>Electricity Burden on Net Income (Investor-Owned)</i>
<i>White</i>	<i>\$70,740</i>	<i>2.77%</i>	<i>2.99%</i>
<i>Black or African American</i>	<i>\$42,067</i>	<i>4.43%</i>	<i>4.78%</i>
<i>American Indian and Alaska Native</i>	<i>\$56,868</i>	<i>3.32%</i>	<i>3.59%</i>
<i>Asian</i>	<i>\$78,490</i>	<i>2.50%</i>	<i>2.70%</i>
<i>Hispanic or Latino origin (of any race)</i>	<i>\$59,341</i>	<i>3.19%</i>	<i>3.45%</i>

- ▶ High electricity costs exacerbate existing inequalities in pay and access to homeownership
 - Read more about inequalities from the Institute: "Wages, Wealth, and Inequality"



Number of Accounts in Disconnected by Provider for 2023



▶ Same data (by provider) available for arrearages and disconnection notices

○ No disaggregated data on demographics is available

Notes: Data from the Indiana Office of Utility Consumer Counselor's "Arrearage & Disconnection Data Reporting" for the year 2023



Existing Policies

- ▶ Low-Income Home Energy Assistance Program (LIHEAP):
 - Federal program
 - 109,750 Hoosier households each year
 - Only 16 percent of those who qualify receive this funding
 - Income of \$29,755 per year for one, or families of four making below \$57,223
 - Take Action: <https://actionnetwork.org/letters/letters-for-liheap>
- ▶ Utility-Provided Crisis Funding:
 - Some utilities offer emergency funding
 - Must apply within a given time frame and before money runs out
 - Additional requirements on earnings, balance deposits paid, application to other programs



Future Policy Improvements

- ▶ Expanded Cold and Heat Moratoriums on Disconnections
 - Present guidelines on disconnection moratoriums apply only to those who receive or have qualified and applied for government energy assistance.
 - Need summer moratorium to protect individuals from heat waves.
- ▶ State-Level Affordability Assistance
 - Percentage of Income Payment Plan (PIPP) has been successfully implemented by our Midwest neighbor Ohio for all customers at or below 175 percent of the FPL.
 - Tiered payment plans, whereby each household is automatically enrolled to receive a reduction in their utility bill along different “tiers” of income.
- ▶ Investment in Data
 - Current data lacks key insights including demographics of inaccessibility harms.