

March 22, 2017

The undersigned organizations and individuals reject any characterization of prepaid utility service as an energy efficiency program. In its [February 28, 2017 blog post](#), ACEEE raises some important questions about characterizing prepaid service as energy efficiency, but stops well short of rejecting prepaid as legitimate demand-side management.

While modest usage reduction has been observed in some evaluations of prepaid service, it is critical to identify the steep societal and individual household costs of these programs. The evidence is limited, but what we have seen consistently demonstrates the following:

- *Prepaid service is concentrated among lower-income households,*
- *Unlike prepaid cell phone service, which is less expensive and offers benefits to some low-income households, prepaid electric service rates and fees are equal to or higher than rates for customers on traditional billing and payment,*
- *Participants typically struggle to make numerous payments monthly to stay connected to basic service, often incurring multiple additional transaction charges that exacerbate the difficulties,*
- *Participants experience rates of disconnection many times higher than customers on regular service, and*
- *Prepaid service customers are asked to forego basic protections ensuring secure notification of disconnection, the right to a payment plan, and the right to dispute a utility bill.*

These realities render prepaid service a second-class utility payment option that targets households having trouble making ends meet. We fully support legitimate energy efficiency programming that reduces usage and saves customers money by replacing inefficient appliances and upgrading the energy-saving performance of the building shell rather than marshalling the continual threat of disconnection from necessary electricity service to induce usage reduction.

We stand with ACEEE in its long-standing effort to support direct installation of residential energy efficient measures and appliances, but reject a research agenda that legitimizes substandard service while increasing the health and safety risks associated with unwelcome loss of necessary electric utility service. Rather than focusing “behavioral” research on a punitive program design featuring at its core rapid, remote disconnection of service, why not look at the savings potential of providing *all* residential customers with access to real time information on usage and expenditures?

Respectfully,

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