



Customer and Low Income Protections

Vistra Energy Corp.
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CUSTOMER AND LOW INCOME PROTECTIONS

Statement of Preferred Public Policy

Vistra Energy believes in the power of competition to spark innovation and unleash customer benefits and value. As such, we believe that markets should be allowed to function freely with minimal oversight and regulated only to the extent needed to ensure a fair and equitable treatment of market participants and customers.

Customer Protections

Competitive markets naturally force competitors to focus on the customer. Those companies who are unable to provide value to their customers or treat their customers like commodities instead of valued partners are appropriately forced out of the market through market dynamics. Even so, there are unfortunately always companies that behave unethically or illegally to the detriment of the market and consumers. Vistra Energy believes that customers should be protected against bad actors in the market. Customer protection regulations should provide relief to customers who have been negatively impacted by these bad actors and work to prevent bad actors from entering or remaining in the market. Customer protections should be structured in such a way that does not inhibit innovation, prevent fair business practices or punish good actors operating in good faith.

A Market Leader in Low-Income and Vulnerable Group Protections

Whether it's keeping customers cool from the heat of summer, warm in the depths of winter, or powering critical home medical equipment, electricity can be a life-preserving necessity rather than just a modern convenience. Vistra Energy understands that certain groups of customers may require greater assistance and/or protections than other groups. Among these are low-income, elderly, and medical critical care customers. Our company works with numerous federal, state, and local officials and advocacy groups to spread awareness about energy assistance and energy efficiency programs. Through our support of public and private programs to assist these at-risk customers with their electric needs we help ensure they have the electricity they need to prevent life-threatening conditions.

For example, in Texas, our retail brand implemented summer customer protections that went beyond what was required by law. In four consecutive years (2007-2010), TXU Energy implemented a voluntary moratorium on disconnects for customers designated as low-income, ill or disabled, or who were at least 62 years of age, as well as providing more flexible deferred payment plans for these customers. The company was publicly recognized for our summer protections by key community leaders, PUC Commissioners and state legislators, among others. Starting in the

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summer of 2011, the Texas PUC implemented a rule which was very similar to TXU Energy's voluntary program. The rule mandated that all Texas retail electric providers implement a moratorium on summer disconnections to help the most vulnerable during the hot Texas summer.

Additionally, for over 35 years, customers of our TXU Energy brand in Texas have been able to take advantage of one-time bill payment assistance through our TXU Energy AidSM program, which is one of the largest privately funded electric bill payment assistance programs in the U.S. This assistance is in addition to any aid customers can receive through state, federal and other programs. Customer assistance such as this, paired with appropriate customer protections, helps to ensure that customers never have to choose between affording their electricity and avoiding life-threatening conditions.

Fisher, Sheehan & Colton Affordability Gap Studies

In an effort to quantify the gap between “affordable” home energy bills¹ and “actual” home energy bills, Fisher, Sheehan & Colton (FSC) (a firm specializing in poverty law and economics) developed a model that estimates the “home energy affordability gap” on a county-by-county basis for the entire country. Introduced in April 2003 (using 2002 energy prices), the initial FSC Home Energy Affordability Gap analysis found that the annual “affordability gap” reached roughly \$18.2 billion and that federal fuel assistance provided through the Low-Income Home Energy Assistance Program (LIHEAP) covered just a fraction of that gap. Updates of the Home Energy Affordability Gap have been published annually.

The 2017 Home Energy Affordability Gap, published in April 2018, continues the 2nd Series of FSC's annual Affordability Gap analysis begun in 2012². The following matrix provides FSC's findings from their 2018 analysis (using 2017 data).

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2017 Home Energy Affordability Gap (published in April 2018)

Region	Gap 2011 (Base Year, Millions)	Gap 2017 (Current Year, Millions)	Index ³	LIHEAP Allocation (Thousands)	# Households < 150% Fed. Poverty Level	LIHEAP Covered Heat / Cool Bills
Total US	\$ 38,577.6	\$ 47,648.6	123.4	\$ 2,960,952	28,761,009	3,224,511
California	\$ 2,217.9	\$ 3,295.9	148.6	\$ 151,804	3,283,627	329,294
Connecticut	\$ 659.7	\$ 449.0	68.1	\$ 70,021	226,524	59,898
Illinois	\$ 1,340.8	\$ 2,216.9	165.3	\$ 148,385	1,092,303	118,235
Maine	\$ 471.0	\$ 269.9	57.3	\$ 33,462	126,523	23,799
Massachusetts	\$ 1,096.3	\$ 658.2	60.0	\$ 130,772	460,564	136,934
New Jersey	\$ 963.3	\$ 438.3	45.5	\$ 106,604	561,892	157,698
New York	\$ 4,100.2	\$ 2,198.5	53.6	\$ 324,884	1,763,224	403,583
Ohio	\$ 1,623.0	\$ 1,439.3	88.7	\$ 131,268	1,122,872	134,084
Pennsylvania	\$ 1,872.2	\$ 1,249.7	66.7	\$ 185,523	1,073,629	197,786
Texas	\$ 3,553.4	\$ 3,418.5	96.2	\$ 104,972	2,511,935	113,606
Virginia	\$ 921.4	\$ 1,816.5	197.1	\$ 74,449	599,076	53,368
W. Virginia	\$ 312.2	\$ 319.9	102.5	\$ 25,849	212,153	26,511

1) The "affordable burden" for home energy bills is set at 6% of gross household income for the Home Energy Affordability Gap model. This burden takes into account the total cost of shelter and the proportion of total shelter cost devoted specifically to energy. The "affordable burden" for home heating and cooling is set at 2% of gross household income.

2) While the energy affordability gap includes more than just electricity, it is an instructive measure to help show the gap between need and available assistance. Data sets and additional information can be found at the FS&C website: http://www.homeenergyaffordabilitygap.com/03a_affordabilityData.html (last accessed 08/14/18).

3) The Home Energy Affordability Gap Index (2nd Series) uses the year 2011 as its base year. The Index for 2011 is set equal to 100. A current year Index of more than 100 thus indicates that the Home Energy Affordability Gap has increased since 2011. A current year Index of less than 100 indicates that the Home Energy Affordability Gap has decreased since 2011.