

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

In the Matter of an Amendment to                    )  
Commission Rule 4 CSR 240-13.055.                )

Case No. GX-2006-0181

**STAFF’S RESPONSE TO DECEMBER 13, 2005 ORDER**

COMES NOW Staff of the Public Service Commission of Missouri, and for its response to the Commission’s order directing filing, states:

1. In its order directing filing the Commission asked interested persons to file comments on three comments filed by Ms. Jackie Hutchinson, on December 12, 2005.

**A. Extend payment arrangements on arrears for at least 2 years to allow families to have more realistic CWR payment amounts.**

2. The Staff agrees that one objective of the CWR is to provide payment arrangements that may be more affordable for all residential customers, including low-income customers, than full payment of current bill amounts. However, Staff also notes that another objective of the CWR payment plans are to permit customers to pay off arrearages in a reasonable time while remaining current on bills for current consumption. The current CWR permits customers and utilities to extend payment arrangements beyond twelve months, and Staff does not believe that uniformly requiring two year payment arrangements will best serve all low-income customers. A two-year repayment period could overlap three heating seasons, resulting in customers accumulating significant additional arrearages. Such extended payment plans may also expose LDCs to significantly higher levels of uncollectible expense.

**B. Allow all low-income customers who make monthly payments of at least \$60 per month to maintain their service through March 31<sup>st</sup>.**

3. At this time, Staff estimates that \$60 per month to maintain service will result in significant unpaid balances for many customers. Staff assumes that the \$60 payment will first be credited to margin (non-gas cost) charges. Staff expects that the cost of natural gas to serve low-income customers to exceed, by a factor of two or three times, the balance remaining of a \$60 per month payment. The large deferrals remaining for payment by the participating low-income customers will pose a formidable problem for such customers when faced with paying for continuing natural gas service. Such a gap, when extended to the tens of thousands of eligible customers, might pose a significant threat to the finances of Missouri's LDCs. Although Staff has not estimated possible costs of fixed bills with any precision, rough calculations suggest it might run to tens of millions of dollars.

4. Staff also has concerns about the possible impact of a fixed bill amount on customer consumption patterns. Low fixed payments might eliminate incentives to conservation, leading in turn to potentially higher arrearages at the end of the 2005-2006 heating season.

**C. Waive late payment and reconnect charges for all low-income families during the CWR period from November 1 through March 31.**

5. Staff understands that the promises made by the Missouri Energy Development Association (MEDA) to the governor provides for such a waiver for all of their LIHEAP or LIHEAP- eligible customers. Given the MEDA members bound by this promise, more than 80% of customers of regulated LDCs are covered by the provisions Ms. Hutchison suggests. Staff believes that the smaller LDCs can be persuaded to work with their low-income customers without the need to specify this provision in the emergency amendment.

WHEREFORE, having addressed Ms. Hutchinson's comments, the Staff suggests that the Commission take no further action on the Cold Weather Rule at this time, but continue to monitor conditions for both customers and LDCs.

Respectfully submitted,

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/s/ Thomas R. Schwarz, Jr.

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### **Certificate of Service**

I hereby certify that copies of the foregoing have been mailed, hand-delivered, or transmitted by facsimile or electronic mail to all counsel of record this 16<sup>th</sup> day of December, 2005.

/s/ Thomas R. Schwarz, Jr.