

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

In the matter of Proposed Emergency     )  
Amendment to Commission Rule 4 CSR    )  
240-13.055                                    )  
Case No. GX-2006-0181

**PUBLIC COUNSEL’S RESPONSE TO ORDER DIRECTING FILING**

COMES NOW the Office of the Public Counsel and in the above-captioned case states as follows:

On December 13, 2005, the Commission issued an order directing that interested persons file, on or before December 16, 2005, responses in support of or against suggestions 2, 3 and 4 made by Ms. Jacqueline A. Hutchinson in comments filed in this docket on December 12, 2005. Public Counsel's comments are as follows.

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

**Public Counsel's comments on Suggestion #2:**

Public Counsel agrees that extending payment arrangements for additional time could have short term benefits for many customers unable to make their payments this winter. In fact, our initial proposal for an emergency amendment to the Cold Weather Rule proposed that deferred balances be payable in installments over 18 months, just as did the Commission's November 2001 emergency amendments to the Cold Weather Rule. Public Counsel also recognizes, however, that extending the time period for payments increases the potential burden on these customers over the longer term if the price of natural gas does not significantly retreat from current levels. This is especially

true when the term for repayment of this year's heating season bills extends into future heating seasons. Public Counsel has prepared Attachment 1 to illustrate these concerns based on numbers requested from Laclede Gas Company.<sup>1</sup> Attachment 1 demonstrates the "stacking" effect of deferring payments over a 24 month period and requiring a minimum \$60 payment to retain service. We are certainly open to participating in any discussion regarding extension of the payment plan period. However, we are concerned about creating ever growing arrears for customers entering future heating seasons. Public Counsel believes that the parties and other interested entities should review additional strategies to address the needs of low income customers.

**Suggestion #3:** To allow all low-income customers who make monthly payments of at least \$60 per month to maintain their service through March 31st.

**Public Counsel's comments on Suggestion #3:**

The concerns illustrated in Attachment 1 and expressed in response to Suggestion #2 above regarding "stacking" deferred payments also apply to Suggestion #3. Public Counsel has for years worked on affordability issues for low-income utility customers on an experimental basis in particular utilities' rate cases. However, these issues have only been addressed in Missouri on an ad hoc basis.

For example, in the recent rate case for Laclede Gas Company, Case No. GR-2005-0284, the Commission approved a Low-Income Energy Affordability Program. Under that program, for select customers with incomes ranging between 0% and 150% of the federal poverty guidelines ("FPL") who agree to make a minimum monthly payment

---

<sup>1</sup> Any extrapolations, analysis and conclusions drawn from these typical residential heating bill numbers are purely those of Public Counsel and do not necessarily represent the views of Laclede Gas Company.

of \$40, bill credits in the aggregate amount of \$550,000 annually will be allocated as follows:

- 0-50% FPL: 20% of funds, \$60 average monthly credit, to be applied in amounts of \$60 in November and December, \$80 in January and February, and \$40 in March and April.
- 51-125% FPL: 40% of funds, \$60 average monthly credit, to be applied in amounts of \$60 in November and December, \$80 in January and February, and \$40 in March and April.
- 126-150% FPL: 40% of funds, \$70 monthly credit, to be applied in amounts of \$40 in November, \$70 in December, \$100 in January and February, \$70 in March and \$40 in April.

Some would argue that implementation of similar programs on a statewide basis would require substantial funding. However, an alternatives view is that such programs are cost effective as expressed by the following quote from the nationally recognized low-income advocate, Roger Colton:

it is less expensive to the utility, and thus for ratepayers as a whole, to provide affordable rates to low-income customers than it is to charge "full" rates and then incur the expenses associated with non-payment. Those expenses may include credit and collection, working capital associated with arrears, uncollectibles, and the like.

"Wrong-Way Street: Reversing the Subsidy Flowing *From* Low-Income Customers in Competitive Electric Industry", at 2 Roger D. Colton, Fisher, Sheehan & Colton, Public Finance and General Economics, November 1996.

Public Counsel would participate in a Commission-sponsored investigation of the issue of the affordability of current gas rates for low-income customers.

**Suggestion #4:** Waive late pay and reconnect charges for all low-income families during the CWR period November 1 through March 31. (Public Counsel's provision sounds like these fees will return if families are unable to keep their payment plans.)

**Public Counsel's comments on Suggestion #4:**

Ms. Hutchinson's concerns with respect to reconnection fees have already been partially addressed by the agreement of Missouri gas utilities to waive all reconnection fees for Missouri customers who are qualified and have applied for or are receiving benefits under the Low Income Home Energy Assistance Program (LIHEAP). See Letter from Charles A. Caisley to Chairman Davis, dated October 18, 2005 (filed as Exhibit No. 7 in the December 6, 2005 public hearing). Public Counsel recognizes that reconnection fees place additional burdens on low-income customers not covered by the agreement referenced above and would support additional Commission review of this issue.

With respect to late payment charges, Public Counsel believes there may be a misunderstanding regarding the emergency rule proposed by Public Counsel and approved by the Commission. We certainly do not interpret Section 14(C) of the Emergency Rule as permitting gas utilities to retroactively reinstate pre-existing late payment charges on deferred amounts if a customer subsequently defaults on a payment plan under the Emergency Rule. The gas utility would only be permitted to charge a late payment fee consistent with its tariffs with respect to a payment made after the delinquent date under the Cold Weather Rule agreement.

WHEREFORE, Public Counsel respectfully submits these comments in response to the Commission's Order Directing Filing.

Respectfully submitted,

**Office of the Public Counsel**

**/s/ Eric A. Martin**

By: \_\_\_\_\_

Eric A. Martin (#48783)  
Senior Public Counsel  
P.O. Box 2230  
Jefferson City, MO 65109  
(573) 751-5558  
(573) 751-5562 FAX  
eric.martin@ded.mo.gov

**CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing have been mailed, emailed or hand-delivered to the following this 16th day of December, 2005.

**/s/ Eric A. Martin**

\_\_\_\_\_