Testimony to the Public Service Commission

July 26, 2012

Good Evening, my name Jacqueline Hutchinson, I am Director of City Services for the Community Action Agency of St. Louis County and a Board Member for the Missouri Consumers Council. I have been actively involved in energy policy issues and advocacy for low-income consumers on a local, state, and national level, for more than 30 years.

I would like to give you some facts about the conditions that exist for a large segment of our population and ask that you consider the impact of yet another AmerenMo rate increase would have on families throughout the St. Louis area. In the past 2 years rate increases of **71 million in 2010 and 172 million in 2011**, and request for an additional **376 million in 2012,** while the income available to household in Missouri has declined over the past 5 years.

- According to the 2011 Census report, more that 34% of the residents of the City of St. Louis or **105,000 individuals** live below the poverty rate of **$1591** per month, ($19,092 per year). While other area's of the state average 19% living in poverty. (and increase from 2010)
- 41% of children in St. Louis live in poverty, and each day **135,000 kids** in the St. Louis area are at risk for hunger
- After receiving no increase in Social Security and SSI benefits for several years, this year Elderly and disabled individuals received a modest **3.6% cost of living increase in 2012**
- While the **unemployment rate in St. Louis is 9%,** the working poor have seen they wages decrease, by, and their buying power decrease even more due to increases in the cost of goods and services
- Excessive energy burden already negatively impacts the health and safety of many elderly and families with small children in the St. Louis area. The energy burden for low-income families continues to exceed 26% for the lowest income while the average household in Missouri pays 6%

- As we have seen in the past weeks of extreme heat, the elderly, are at highest risk and the fear of high utility bill often keeps them from using their air conditioning during extreme heat.

- 2012 cuts in Low-income Home Energy Assistance Program (LIHEAP) funds and the ever present threats of additional cuts in coming years adds to potential risk to the health low income elderly and families with children. LIHEAP funding cuts from **104 mil in 2011 to 95 mil in 2012** and proposed reductions to **68 mil in 2013.**

- High energy cost force families to make tough choices that often threaten their health and safety. Families spend less on food, medication and often live in substandard housing in order to pay high utility cost.

- Increases in requests for assistance during extreme hot weather as we are having now, mean that resources, both public and private will soon be exhausted, leaving families at higher risk during what is normally the hottest month.

In conclusion, I would ask you to do the following things to reduce the impact of rate increases.

- Continue and expand the Keeping Current Program in this rate case
  - Expand the summer cooling for the elderly
  - Revise some of the provisions to the year round program
- Expand the funding for the weatherization program.
- Consider following the lead of other states by adopting a low-income rate in Missouri.

Below are examples of some states with low-income rates for your review and consideration.

SPECIFIC RATES FOR LOW INCOME CUSTOMERS

California

Low-income customers of the state's three large investor-owned utilities who are enrolled in the California Alternative Rates for Energy (CARE) program receive a 20% discount on their electric and natural gas bills. For one- and two-person households, the maximum income is $29,300. The maximum increases with household size, e.g., $34,400 for a three-person household.

The Family Electric Rate Assistance (FERA) program can provide a discount on electricity costs for households with three or more persons with somewhat higher incomes. Households qualify if they receive benefits under various welfare programs, including Temporary Assistance for Needy Families, food stamps, Medicaid, and energy assistance. Alternatively, a household is eligible if its income falls within certain limits, e.g., $34,401 and $43,000 for a three person household.

In California, the electric rate that a household is charged depends on how its consumption compares with a baseline, which varies by region and other factors. Households that participate in FERA are charged Tier 2 rates that normally apply to consumption at 101% to 130 % of baseline for their Tier 3 usage (131% to 200% of baseline). The program does not affect the rates charged for higher levels of consumption.

These provisions are funded through a rate surcharge paid by all utility customers.

Massachusetts

State law (Mass. Gen. Law 164 Sec. 1F) requires electric companies to provide rate discounts for low-income customers. Eligible customers receive rate discounts of 20% to 35% off the standard residential rate, depending on their utility company. Customers are eligible if their household income is 200% of the federal poverty limit (i.e., $35,200 for a three-person household in 2008). Participants in certain benefit programs, such as food stamps and supplemental security income, are automatically enrolled in the rate discount program, Participants in energy assistance programs are also eligible, but must apply for the rate discount. The law requires that the cost of the discounts be paid from the rates charged other company customers. Further information about the rate discounts is available at www.massresources.org/pages.cfm?contentID=72&pageID=14&Subpages=yes#whatis.

Ohio

The state's Percentage of Income Payment Plan (PIPP) requires regulated gas and electric companies to accept payments based on a percentage of household income. The Office of Community Services administers the program for electric customers and community action agencies for gas customers. The program is funded by the universal service charges on electric and gas bills.

To be eligible for the program, a customer must (1) receive his or her primary or secondary heat source from a utility company regulated by the Public Utilities Commission of Ohio, (2) have a total household income at or below 150% of the federal poverty level, and (3) apply for all energy assistance programs for which he or she is eligible.

Customers whose primary heating source is electricity make a monthly payment to their electric company that is 15% of their gross monthly household income in billing periods that include any usage from November 1 through April 15. The rest of the year, these households pay 15% of their gross monthly household income or their current electric bill, whichever is greater. Customers who use electricity to control their gas or oil furnace or have electric space heaters in addition to another heating source make an electric PIPP installment that is 5% of their income in the heating season. During the rest of the year, the household pays 5% of its income or its current electric bill, whichever is greater. (Most households whose income is at or below 50% of the federal poverty level and use electricity as its secondary source of heat, pay only 3% of their income during the heating season). Cleveland Electric Illuminating and Toledo Edison do not offer the 3% provision. Instead, they offer very low-income customers a 7% discount off their electric bills.

Customers whose primary heating source is natural gas pay their gas company an installment that is 10% of their gross monthly household income, year-round. Customers who use natural gas as their secondary heating source pay the company 5% of their income year-round.

Participating customers must (1) make the required monthly payments, (2) re-verify their gross monthly household income at least once every 12 months, (3) reapply for all available energy assistance programs at least once every 12 months, and (4) apply for weatherization if contacted by a utility or state agency representative. People who apply for the Emergency Heating Assistance Program must also apply for PIPP or another payment plan. Further information about PIPP is available at www.odod.state.oh.us/cdd/ocs/pip.htm.

Pennsylvania

Pennsylvania's Public Utility Commission requires major electric and gas companies to provide Customer Assistance Programs (CAPs) for their low-income customers. Some programs provide flat rate discounts or bill credits, while others provide discounts that are tied to the customer's income. For example, PECO, which serves the Philadelphia area, provides four discounted rates to its low-income electric and gas customers (those with incomes of up to 150% of the federal poverty level). The percentage of discount is based on the customer's gross household income. Other companies have arrearage forgiveness in their programs. For example, Duquesne, which serves the western part of the state, requires customers who participate in CAP to go on a payment plan and make on-time monthly payments. Customers are forgiven 1/36 of their arrearage amount each monthly payment that is on time and complete.

Texas

The LITE-UP program provides an electric rate discount of about 2 cents per kilowatt-hour during the cooling season for low–income families. This reduces the electric bills of participating families by about 15% from July through October, an average savings of $25 to $30 per month.

A customer qualifies for the discount if his or her family income is at or below 125% of federal poverty level guidelines or if the customer gets certain benefits from the Health and Human Services Commission. These benefits include food stamps, Temporary Assistance to Needy Families, Supplemental Security Income, Medicaid, or low-income Medicare.

The Public Utility Commission reports that there are 316,000 households who are automatically enrolled in the program. This system is operated by the Low-Income Discount Administrator (LIDA) and uses data provided by the Texas Health and Human Services Commission and retail electric providers to identify eligible customers. In addition, other households that believe they are eligible can apply directly to LIDA. The discount is only for the summer months and will be available again during the summers of 2008 and 2009.

In addition to the rate discount, participating customers cannot be charged late fees under Public Utility Commission rules. Participants are also eligible to pay security deposits over $50 in two installments. Further information about the program is available at www.texasrose.org/RTF1.cfm?pagename=LITE-UP%20TEXAS.

Public Power Utilities

Several public power utilities (which generally are not regulated by state public utility commissions) offer discounted rates to low-income customers. For example, the Cowlitz County (Washington) Public Utility District offers a reduced electric rate for qualified seniors aged 65 or older. Households with a gross income below $13,691 receive a 20% rate discount; those with incomes between $13,692 and $20,535 receive a 10% discount. The district also offers the same discounts to low-income households with a disabled household member. The Los Angeles Division of Water and Power offers a discount of up to 15% for electric and water customers with eligibility standards similar to the CARE program described above. Seattle City Light (the municipal electric utility) provides a 50% rate discount for eligible customers. Customers who are 65 or older or who are disabled qualify if their income is below to 70% of the area median (i.e., $42,600 for a three-person household). Other customers are eligible if their income is below 200% of the federal poverty level. The program is open to homeowners and renters, but not to residents of subsidized housing.