

AFFIDAVIT

STATE OF MISSOURI)
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COUNTY OF COLE)

I, Warren T. Wood, Manager, Energy Department of the Missouri Public Service Commission, being of lawful age, and being duly sworn on my oath state:

The Commission created the Cold Weather Rule (4 CSR 240-13.055) in 1977. The Cold Weather Rule (CWR) was modified in 1984 and 1993 and a temporary emergency amendment to the rule was implemented in November 2001, following the extraordinary natural gas prices and cold weather endured during the 2000-01 heating season. These emergency amendments to the CWR expired on March 31, 2002. No significant provisions of the CWR have been changed, on a permanent basis, since 1993. The Commission continues to closely monitor the CWR and its effect on Missouri consumers. Given the persistent high prices of natural gas, the increased number of customers applying for assistance, and knowing that the rule has not changed in any significant way for over a decade, the Commission opened the Task Force in case no. GW-2004-0452. In its Order creating this Task Force the Commission stated, "the Commission believes it is imperative that the rule be closely examined again to determine if it continues to adequately address consumer needs."

On November 6, 2002 the Commission Staff (Staff) held a roundtable on the "Cold Weather Rule & Possible Hot Weather Rule". During this roundtable different parties proposed numerous changes to the CWR. On December 29, 2003 the Office of the Public Counsel and the Committee to Keep Missourians Warm presented a letter to Staff proposing a number of specific changes to the CWR and proposing implementation of some limitations on disconnections during extreme summer heat periods.

With regard to the proposed new CWR subsection (4), audits by the Commission's Management and Engineering Services Department show that at least one of the large utilities in Missouri has a history of sending out numerous shut off notices to the same customers for months before actually ever disconnecting service. The Office of the Public Counsel and the Committee to Keep Missourians Warm has referred to this practice as "common". Either the utility does not have the staff to effectuate a service discontinuance for each

customer receiving a notice, the weather does not permit discontinuance, a significant number of customers' meters are inaccessible (inside meters, meters within fenced yard, dogs chained to meter), or the company finds that it is not cost-effective to discontinue service for customers with arrears that are less than some internally established "treatment amount" or that have not aged to beyond some internally prescribed threshold. This practice can be deceptive and can lead to customers not taking disconnection notices seriously and not taking action to pay their bills until the balance owed is significantly greater than they can address with all of their available resources. Notices of discontinuance of service need to provide a clear and believable warning that termination is about to occur. In response to such a notice, the customer must either take the steps necessary to prevent the service termination or take those steps needed to protect themselves against the dangers to life, health and property that might result from the loss of service.

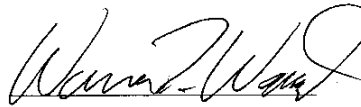
With regard to the proposed new CWR subsection (7), studies have shown that low-income customers tend to be more mobile than their higher income counterparts. This mobility can lead to more frequent deposit demands. It can also lead to more difficulty in receiving deposit refunds (since it is more difficult to obtain twelve consecutive months of payment at the same service address). Higher mobility also results in more frequent charges for disconnection and reconnection. This addition to the CWR would prevent customers from being assessed a new customer deposit, an accelerated payment plan or having their service terminated as a result of them simply changing residences if they are paid in full or under a payment agreement that they have not broken.

With regard to the proposed new CWR subsection (8)(B)5, utility customers, especially low-income customers, sometimes find themselves in situations where they have periods with very low or no funds available to pay any bills until they receive a paycheck or funding assistance. This additional language simply provides customers the ability to pay an amount due per a payment agreement after they have missed the monthly deadline for payment once during a payment agreement period if they have not yet in fact been disconnected. This may result in some customers who were able to pay their monthly payment not being disconnected prematurely.

With regard to the proposed new CWR subsections (8)(C)1 and (8)(C)2, the current rule does not extend the benefits of a lower initial payment for a customer who has ever defaulted on a payment agreement anytime in their past history. It would be reasonable to revise this section to limit that restriction to default on payment agreements that have occurred within the past three (3) years. It is common for someone to recover from one financial crisis, only to find themselves in a crisis years later. The passage of time should renew the possibility of a payment agreement on fair terms while also preventing continual abuse of the system.

With regard to the proposed deletions in CWR subsections (1)(E) and (8)(A), since its inception Utilicare has only been funded twice, and has rarely been available to assist customers in need. If future Utilicare funding becomes available, the language in the CWR in subsection (8)(A) would permit it to be accepted as a pledge.

Further affiant says not.



Warren T. Wood
Energy Department Manager
Missouri Public Service Commission

Subscribed and sworn to before me this 29th day of March, 2004. I am
commissioned as a notary public within the County of Cole, State of
Missouri, and my commission expires on _____

DAWN L. HAKE
Notary Public - State of Missouri
County of Cole

Dawn L. Hake
My Commission Expires Jan 9, 2005

Notary Public
