



## ***Legal Services of Eastern Missouri, Inc.***

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September 7, 2012

Chairman Kevin Gunn  
Commissioner Terry M. Jarrett  
Commissioner Robert S. Kenney  
Commissioner Stephen M. Stoll  
Missouri Public Service Commission  
200 Madison Street, PO Box 360  
Jefferson City, Missouri 65102

RE: Case Nos. EW-2013-0045, GW-2013-0046 and WW-2013-0047

Dear Chairman and Commissioners:

On August 8, the Missouri Public Service Commission ("Commission") ordered an inquiry into the impact higher utility rates will have on older or low-income citizens and established a docket to consider rate design changes and methods other states use to reduce the impact of higher utility rates on their financially vulnerable citizens. We appreciate the opportunity to provide initial comments to the Commission on behalf of the clients we serve.

For over 50 years, Legal Services of Eastern Missouri (LSEM) has provided high quality, free civil legal assistance to elderly, disabled and low-income individuals in eastern Missouri. Today, we serve twenty-one (21) counties in our region.

LSEM receives approximately 17,000 calls for assistance a year. Additionally, LSEM provided legal education, outreach and referrals to over 33,000 people last year. From those calls and our education and outreach, we helped over 21,000 people in completed cases in 2011.

Of those families LSEM assists, it is rare for a client to come to LSEM with any issue -- housing, public benefits or family law -- and not discover that the client has an outstanding utility bill causing or contributing to a substantial barrier to housing, medical care, education or employment. LSEM provides holistic services to help stabilize clients and, therefore, issues affecting our clients' stability are of great concern.

Across the board, access to utility assistance, inability to establish utility services and outstanding utility debt are common concerns raised by prospective clients and advocates in the communities we serve. Outlined below are LSEM's brief concerns and comments which we respectfully request the Commission consider in crafting possible rate design changes and other methods to reduce the impact of higher utility rates on financially vulnerable Missourians.<sup>1</sup>

### **Plan Should Include All Vulnerable Populations**

The lack of workable solutions for low-income citizens to obtain energy stability negatively affects vulnerable populations. These low-income citizens include the elderly, those with disabilities, people receiving and/or trying to obtain rental subsidies, individuals or families with medical conditions, victims of domestic violence, refugees or immigrants. Any rate design changes or plans to address these needs should include the input and consideration of these most vulnerable populations.

### **High Security Deposits Are a Barrier**

Access to utility services is a fundamental need for housing stability and security. Requiring security deposits for utilities disproportionately harm those vulnerable populations primarily because the deposits are set so high that they present a substantial barrier to accessing those services.

Utility companies often rely on credit scores and reports in determining when to require a deposit. Those scores and reports are often flawed because of reporting mistakes and identity theft. Additionally, the limited access to financial education and counseling for vulnerable populations means individuals often are unaware of the information being used against them and how to appropriately challenge the inaccurate information.

Housing security deposit assistance is a commonly requested need for the clients and families we serve. Very few, if any, organizations in our service region provide housing security deposit assistance, leaving families with the heavy burden of borrowing or locating a large sum of money in a short period of time. Many often turn to pay day lenders for assistance in the absence of local programs. Requiring a large security deposit for utility service connection on top of the substantial housing security deposit makes it virtually impossible for vulnerable populations to achieve any level of housing stability because these large security deposits only add to an already insurmountable debt.

Some utility service providers in other states such as Michigan, Nevada, New York and Texas offer security deposit waivers or discounts to qualified families. In Missouri, Empire District Electric Company offers deposit waivers to qualified elderly and disabled families.

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<sup>1</sup> These comments are not intended to be an exhaustive analysis of all the options available to the Commission. Rather, these comments focus on policy issues that, in our opinion, should be addressed by the Commission in any potential action establishing such rate design changes and/or other methods to assist financially vulnerable Missourians.

Security deposit waivers and/or discounts would certainly eliminate and/or alleviate barriers to establishing and maintaining utility service for vulnerable populations.

### **Affordable Payment Agreements Should be an Option for Financially Vulnerable Missourians**

Unaffordable payment agreements to maintain utility services also are a substantial barrier. Payment agreements which do not take into account a customer's income and/or ability to pay do not provide workable solutions for customers or utility service providers. Customers forced to make unreasonable payments will often use funds needed for other basic necessities e.g., mortgage payments/rent, medication or food, to make these payments. Nonpayment of these other basic necessities continues the cycle of instability and will often force utility customers to miss a payment later down the line. Creating guidelines for utilities to use when negotiating payment arrangements which realistically take into account a customer's income and/or ability to pay would foster customer stability and make it more likely that a customer can and will repay the balance due.

### **LIHEAP and Other Assistance Programs Do Not Meet the Growing Need**

Rising utility rates, the economic crisis and the lack of appropriate weatherization in our current housing stock contribute to the increasing need for assistance from a system already overburdened and understaffed. As financial funding sources for those programs continue to be reduced or terminated at the same time as the need for these programs increases, financially vulnerable families overwhelm the infrastructure necessary to facilitate assistance, creating problems with communications regarding the qualifications for assistance, the time of assistance and the approval of the request for assistance. In the meantime, the families assisted by these programs struggle to meet basic daily needs but find some comfort in believing their utility bills will be covered under these assistance programs. Unfortunately, many often discover too late that the programs have exhausted funds completely or will only cover a limited portion of the total balance due.

### **Utility Disconnections and Their Impact on Termination of Subsidized Housing Assistance**

Individuals seeking or receiving housing subsidies must keep utilities connected in order to remain in those subsidized programs. If they are unable to quickly reestablish service upon disconnection, recipients face termination of the subsidy. Upon losing the subsidy, individuals are often responsible for the full market rent rate for the unit in which they live and/or must quickly move out of the home. The loss of a subsidy has long-term implications for these families and the communities in which they live.

Lengthy or closed waiting lists to obtain access to rental subsidies mean families have to wait months or years to regain affordable housing. During that time, families will have to double up with other friends or family members, move into emergency or transitional housing shelters, stay on the street or often have to pay out for rent more than they having coming in to the household. Additional debt continues to accrue forcing financially

vulnerable families to decide which bills to pay if at all. At some point, the families may run out of options. The Commission, therefore, should craft a plan or rate design changes that reduces or eliminates the potential for utility disconnections for these families.

### **There are a Wide Variety of Rate Assistance Programs Available Nationally**

Across the country multiple states and utility service providers offer rate assistance to low income families in the form of monthly service charge discounts, percentage rate discounts, arrearage forgiveness, and income-based billing rates. The National Center for Appropriate Technology (NCAT), which operates the Low-Income Home Energy Assistance Program (LIHEAP) Clearinghouse, has a thorough compilation of current state and utility service provider rate assistance programs.<sup>2</sup>

A popular form of a rate discount for qualified low-income families is a percentage rate discount. For example, utility service provider in Arizona offers rate discount ranging from 7% to 40% for qualified low-income families. Rate discounts are also available in California (5% to 30%), District of Columbia (38% to 63%), Hawaii, Maine (30%), Maryland, Massachusetts (20% to 40%), Michigan, Minnesota (50%), Montana, New Hampshire (35% to 50%), New York, Oklahoma, Oregon, Pennsylvania, Vermont (10%), Washington (5% to 40%), West Virginia (20%). The rate discounts given may apply to the entire usage amount or a set number of kilowatt-hours. The rate discount may be a usage percentage discount or in the form of a monthly credit of up to a specified amount.

Other common rate assistance offered by utility service providers in states like Alabama, Arizona, Georgia, Louisiana, Mississippi, Montana, Rhode Island, Texas, include monthly discounts or waivers to base charges for qualified low-income families. In Connecticut, Michigan, New York, Oregon, Pennsylvania, utility service providers offer arrearage forgiveness programs. Lastly, some utility service providers in states like New Hampshire, Ohio, Pennsylvania, limit monthly bills to a percentage of a qualified family's income.

Such utility assistance programs would be extremely beneficial to low-income Missourians.

### **Conclusion**

Higher utility rates and the lack of utility assistance have a disproportionately negative affect on low-income customers who are also members of vulnerable populations. The availability of workable solutions to obtain and maintain utility service will have a direct positive effect on the stability and security of low-income individuals. The status quo or increasing utility rates combined with the continued depletion of utility assistance funds means more families will be forced into homelessness, to endure periods without utility assistance and perhaps to experience more extreme and long lasting consequences. The Commission has the opportunity now to craft rate design changes that reflect the needs of and reduce the impact on Missouri's vulnerable residents.

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<sup>2</sup> <http://www.liheap.ncat.org/snapshots.htm>

Thank you for your time and consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Jacki J. Langum". The signature is stylized with a large, sweeping initial "J" and a cursive "L".

Jacki J. Langum  
Attorney at Law