

Missouri Association for Community Action, Inc.

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September 7, 2012

Kevin D. Gunn, Chairman
Missouri Public Service Commission
200 Madison Street, PO Box 360
Jefferson City, MO 65102-0360

Dear Chairman Gunn:

Thank you for the opportunity to submit a position statement regarding the "Working Case to Consider the Establishment of a Low-Income Customer Class or Other Means to Help Make Electric Utility Services Affordable".

Attached is the Missouri Association for Community Action's position on this topic. Our network consists of all 18 Community Action Agencies in the state, representing over 3,000 staff members and serving thousands of low-income Missourians each year. Also included are associate member organizations such as the Missouri Family Health Council and the Missouri Head Start Collaboration Office.

It is very important to the health and safety of Missouri families with limited resources that utility services remain accessible and affordable, and we appreciate the Public Service Commission's efforts to that end.

Sincerely,



Elaine West
Executive Director

Encl.

September 5, 2012

RE: A Working Case to Consider the
Establishment of a Low-Income
Customer Class or Other Means to
Help Make Electric Utility Services
Affordable

Increasing energy costs continue to be a burden on the citizens of Missouri, especially families with limited resources. As of July of this year, the Missouri Department of Health and Senior Services confirmed 25 heat-related deaths in the state. Many of these Missourians had air conditioning, but as family members later explained, the individuals in question could not afford to turn the units on. Without comprehensive regulatory changes, these avoidable tragedies will continue during extreme weather conditions.

The average cost in Missouri for residential energy has increased over the past 10 years from 7.04 cents per kilowatt hour in 2000 to 8.00 cents per kilowatt hour by 2008 (this amount does not include commercial or industrial rates in Missouri), a nearly **14%** rise in cost. Rising energy prices affect all households in every community, yet the impact is greatest on low-income families.

Families with limited resources often cut back on other necessities, such as prescription medication and food, in order to pay their energy bills. The lower a family's income, the higher the percentage of their total income they must spend for energy. Most middle or high earning families bear an energy burden of 3-6% of their annual income, yet low-income households often pay **16% or more** of their household income towards energy expenses.

While many legislative and regulatory bodies recognize that basic utility service is a critical necessity for both the health and safety of a family, rate cases continue to significantly increase the burdening costs of utilities on low-income families throughout the state. Over 20 states and the District of Columbia have adopted some type of regulatory consumer protection framework intended to ensure families have access to a basic level of service at the very least.

It is the recommendation of the Missouri Association for Community Action that the Missouri Public Service Commission continue its work to research policy and regulatory changes that are best suited to reduce the financial burden of high utility costs on low-income families in Missouri.