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New rules control denial of utilities

By STEVE EVERLY
The Kansas City Star

Missouri's largest utilities, which appeared ready to fight new curbs on when they can deny service because of overdue bills, instead have agreed to settle the issue.

The agreement with the staff of the Missouri Public Service Commission came just before a regulatory hearing Monday in Jefferson City on a measure meant to clarify or change policies about when utilities can refuse service as a way to collect a debt. The agreement's details were released Tuesday.

"We just all realized there was a need to do something," said Gay Fred, the commission's consumer services manager.

The deal comes at a time when utilities are using the threat of denying service to increase their collections of overdue bills. The proposed rule would allow service to be denied when bills are not paid.

But if the new rule is adopted by regulators, new restrictions will control denying service to pressure a customer into paying another customer's overdue bill. For instance, a former spouse who no longer lives in the home the couple once occupied and is no longer listed on the residence's utility accounts would not be responsible for the home's utility bills incurred after the breakup.

First glance

■ Missouri utilities and state regulators have reached a compromise on rules governing when service can be denied to customers to collect a debt.

■ State regulators have received 885 complaints from customers about utilities denying service over the past four years.

The proposed rule would affect all investor-owned natural gas, electric and water utilities in Missouri. The state's largest utilities — AmerenUE, Kansas City Power & Light, Missouri Gas Energy and Laclede Gas — had opposed the measure before agreeing to the settlement.

Paul Snider, a spokesman for Missouri Gas Energy, said the utility was against the measure, in part, because of the costs. But his understanding of the agreement is that it will give utilities the opportunity to recover the costs in a rate case.

"The staff clearly wanted to go in another direction, and we're willing to work with them on that," he said.

The new rule could go into effect no later than Nov. 1.

In documents filed when they opposed the measure, the state's largest utilities said the changes would cost them millions of dollars a year. Missouri Gas Energy said its uncollected debt would increase by $900,000 annually, and KCP&L said its bad debt would increase by $2 million.

The agreement brings Missouri's policy on denying service closer to that followed by Kansas utilities. Kansas regulators changed the rules in 1989 in part on the belief that a monopoly provider of a service has to be especially judicious about denying service.

"It's also important that this is a necessary service," said Rosemary Foreman, a spokeswoman for the Kansas Corporation Commission.

The Missouri Public Service Commission's staff said the proposed rule would bring the denial-of-service rules nearer to those followed by the state's utilities when disconnecting service. The staff said that utilities would have options to collect overdue debt from the responsible party, including referring such accounts to collection agencies and other legal action.

The commission's staff said it had received 885 complaints over a roughly four-year period about Missouri utilities denying service. In 2003, there were 176 complaints. Commission officials don't know how many consumers with problems simply went ahead and paid the amounts demanded by the utilities and did not file a complaint.

In one case affected by the new rule, the commission's staff reported last September that Missouri Gas Energy overreached when it refused to serve a Raytown man, Michael McKinzy, when he wouldn't pay an overdue bill owed by his new wife. His wife had accrued the bill before marrying McKinzy while in a residence he never lived in; he wasn't listed on any utility accounts for the residence. Commission staff members concluded he received no benefit and should not be denied service because of the debt.

Other scenarios affected by the proposed rule include a case when one utility — unnamed by the staff — denied service to a disabled man. The man had divorced his wife and moved into his mother's residence. He had also dropped his name from the utility accounts on the home he once lived in with his former wife. He subsequently purchased a house and when ordering utility service was told that he had to pay an overdue bill on the residence occupied by his former wife for utility services rendered after he left.

Under the regulation, tenants would no longer be denied service if they moved to a residence where the landlord owed a delinquent utility bill.

In another change, the utility would have the burden to prove that service can be denied instead of the consumer having to prove that it shouldn't be denied.

One compromise in the agreement involves utilities with customers in more than one state. KCP&L had objected to one provision that would have allowed a customer in Kansas with a delinquent account to move to Missouri. The utility wouldn't have been able to deny service to the customer's new residence. KCP&L estimated this would cost the utility at least $184,000 per year.

"Obviously, this dollar amount could increase substantially as customers realized the game they could play with such a rule," KCP&L said in prepared testimony filed with the commission.

The agreement would prohibit the utility from denying service in such situations. But it would allow the Kansas debt to be transferred to the customer's new account in Missouri.

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COMMENTARY

RICK BABSON

Kansans have been cautious

Johnson Countians did something unusual in January. It appears that they adopted the Show Me attitude associated with their cross state neighbors.

While consumers nationally were showing growing confidence in the state of the current economy and in their expectations for the near future, Kansans were taking more of a wait-and-see attitude.

Nationally, the Conference Board reported that its Consumer Confidence Index jumped 5.1 points in January to 96.8, its highest reading since July 2002 and more than 30 points higher than its lowest reading of the past 12 months — 64.8 in February.

Participants in the national survey showed they are almost as confident in the future as they are in the present. The reading that looks at confidence in the present situation increased 5.7 points in January and the reading that looks at future expectations was up 4.8 points.

The January gains came after the national reading had dropped in December.

Locally, the Johnson County Consumer Confidence Index has increased in each of the past four months, but that total increase is just a point more than the national index achieved in January alone. The index compiled by the County Economic Research Institute Inc. was at 112.8 in January, up just .7 from December, but still one of the highest readings of the past 12 ...

Federal officials oppose Kline suit on KCK casino

By RICK ALM
The Kansas City Star

Federal lawyers oppose a legal ...

First glance

■ Eric F. Melgren, U.S. attorney for Kansas, said that Kansas ...

Bridgeworks Lofts

The $15 million first phase of the Bridgeworks Lofts development will combine a new four- to five-story building (left) with a renovated former taxicab maintenance shop to create 49 loft-style condominiums.