

RESOLUTION 79-36

To Support the Holding of Public Hearings by the
Public Service Commission on Utility Disconnection Policy

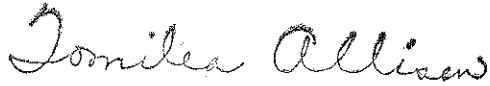
WHEREAS, the Public Utility Regulatory Policies Act of 1978 strongly suggests that the Indiana Public Service Commission hold hearings on questions of service terminations by gas and electricity utilities, but the Commission has failed to hold such hearings; and

WHEREAS, over one hundred twenty organizations throughout the state, including other Common Councils and labor, church, neighborhood, and senior citizen organizations, have supported a petition to the Commission regarding hearings to discuss changes in rules governing the termination of service by gas and electricity utilities;

NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE COMMON COUNCIL OF THE CITY OF BLOOMINGTON, MONROE COUNTY, INDIANA, THAT:

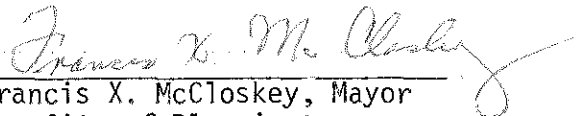
The Bloomington Common Council supports the holding by the Public Service Commission of public hearings on gas and electricity utility disconnection and related policies, and urges the Commission to abide by the spirit and letter of the Public Utility Regulatory Policies Act of 1978 by studying the problems that termination of service causes the consumer.

PASSED and ADOPTED by the Common Council of the City of Bloomington, Monroe County, Indiana, upon this 15th day of November, 1979.



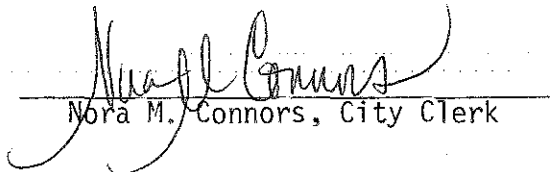
Tomilea Allison, President
Bloomington Common Council

SIGNED and APPROVED by me upon this 20th day of November, 1979.



Francis X. McCloskey, Mayor
City of Bloomington

ATTEST:


Nora M. Connors, City Clerk

SYNOPSIS

The Public Utility Regulatory Policies Act was enacted by Congress in 1978 to suggest each state to hold public hearings and establish a policy on termination of gas or electric services when termination would be dangerous to health. The Indiana Public Service Commission has failed to hold such hearings, and this resolution, sponsored by Councilmember Richardson, would support a petition already endorsed by over one hundred twenty organizations throughout the state to urge the Commission to hold the hearings.



3620 North Meridian Street,

Indianapolis, Indiana 46208 (317) 923-2494



October 25, 1979

Mr. Jeff Richardson
Bloomington City Council
420 E. 6th Street
Bloomington, IN 47401

Dear Mr. Richardson:

Recently I spoke with Mr. John Goss about a resolution we would like to have presented to the Bloomington City Council for their consideration at the November 15 meeting. The resolution deals with a campaign Citizens Action Coalition is organizing statewide to force the Public Service Commission of Indiana to hold hearings on winter utility disconnect and related policies as required by the Public Utility Regulatory Policies Act (PURPA) of 1978.

Three attempts have been made in the past year, in the form of petitions filed with the PSC, to have these hearings held. And the PSC has not yet seen fit to hold the hearings. This statewide effort has support from over 120 organizations representing labor, church, neighborhood and senior citizen organizations.

Recently the City Councils in Terre Haute and Fort Wayne passed resolutions of support for hearings to be held to discuss the problems with existing utility disconnect policies, particularly the problems faced by the elderly, handicapped and those on fixed incomes.

We would like to present a similar proposal to the Bloomington City Council and have been informed that the deadline for getting this on the agenda for the November 15 meeting is November 2. Would you be interested in sponsoring such a resolution before your council?

My cohort on the organizing staff of CAC is in Bloomington this weekend and will try to reach you and leave some background information with you. May I call you soon to discuss this? Thank you for your consideration. (Lawrence Mayberry is the CAC staff person who will try to get in touch with you this weekend in Bloomington).

Sincerely,

Marie F. Langsbury

WHY WON'T THE PUBLIC SERVICE COMMISSION HOLD HEARINGS ?

(An analysis of the PSC's claim that they have already held hearings on the problems faced by the elderly, the handicapped and others with winter-time utility disconnects)

I. What is the Problem ?

The existing rules of the Public Service Commission governing items such as the (winter-time) disconnection of utility services, the ability of utility companies to charge current customers increased deposits, and the amount of information provided to consumers are seriously inadequate, and have caused problems for consumers all over the state -- especially low income consumers, the elderly, the handicapped, and those on temporary layoff from major employers.

Normally the way to deal with a problem, or suspected problem, with utility rules is for the groups concerned to ask the PSC to hold a hearing or conduct an investigation. At the time of the hearing, all the evidence and testimony will be presented and heard -- and then if a problem is proven to exist, the PSC should take steps to change the situation. This is how it works, for instance, when a utility company thinks that its rates are not high enough and so wants them changed.

CAP Agencies, senior citizen groups and neighborhood organizations are increasingly aware of problems with the existing rules, and have thus joined together with one request: that the Public Service Commission investigate the extent of these problems by holding a public hearing to consider possible new rules in these areas.

The PSC, however, has been refusing to hold hearings on these problems up til now. They claim that at some earlier date they already considered these issues and thus do not need to hold hearings now. This "white paper" is an attempt to examine the factual basis (or lack thereof) for the PSC's failure to hold hearings.

In part, the inadequacy of the existing rules should not be a surprise. They were primarily adopted following a set of hearings begun five years ago, and were the first-ever attempt by the Indiana PSC to write rules based on consumer, as well as utility company, input. It should not be a surprise that three to four years of actual hands-on working experience with this first set of rules has revealed that it has inadequacies and that the rules need further work and modification.

Even if, there weren't problems with the rules as they were adopted several years ago, many things have changed since then which seem to require that the PSC open its eyes and consider new evidence. Among those changes, since the adoption of the original electric rules (on December 24, 1975) and

the original rules for natural gas utilities (on September 13, 1976) are the following:

- (1) Major electric rate increases which have raised the costs of electricity dramatically
- (2) Federal action decontrolling the price of natural gas, which is sending the cost of gas and home heating spiralling
- (3) Dramatic inflation in the economy as a whole, which has significantly eroded the discretionary income of many moderate and low income consumers, thus bringing many more people into contact with the shut-off provisions of the utility companies.
- (4) Passage of new state legislation by the 1979 General Assembly which significantly clarified and expanded the authority of the PSC to set new rules in these areas. When the original electric utility rules were adopted in 1975, all of the members of the PSCI were in disagreement about their authority, and so three separate opinions were written, one by each commissioner in that proceedings (Cause # 33529). Commissioner Wallace dissented from the rules because (he said) he did not believe that they were strongly enough pro-consumer. He specifically mentioned the inadequacy of the payment period before bills became delinquent.

Commissioner Powers specifically said that he did not vote for stronger rules because he did not think that the PSC had the power under state statute to "adopt, promulgate or enforce" stronger rules.

This situation has been totally changed by the passage, this last year of SEA #529 (Now Public Law 85) which added a new section to the Indiana Code (Sec. 34.5) remedying that problem and giving the PSC explicit authority to adopt strong consumer rules.

- (5) Passage of the National Energy Act in the fall of 1978, particularly the new Public Utilities Regulatory Policies Act of 1978 (PURPA) gave the PSC a mandate to hold hearings on a wide variety of issues including seasonal problems with disconnects, the particular problems faced by the elderly and the handicapped with utility services, and the need for provision of adequate and comprehensive information both about their rights, and about utility rate schedules, to all utility customers.

In other words: the times have changed dramatically since the first hearings on the need for consumer rules were held on April 2, 1974. The P.S.C. needs to hold hearings to consider the impact of these changed circumstances, as well as their experience of the adequacy of the existing rules.

The PSC should also hold hearings, because the National Energy Act requires them to, and they should further hold hearings because 106 groups in the state of Indiana believe that there are major problems, and are prepared to present witnesses and testimony to that effect.

The problem now is that we appear to be in a "Catch-22" Situation. The PSC believes, without having heard any evidence, that problems don't exist. They therefore refuse to hold hearings, and continue as in the past to base that refusal on that private opinion, apparently reinforced by

the similar opinion of the utility companies.

But as long as they refuse to hold hearings, and to give us a chance to present evidence and witnesses, we can't "prove" to them that problems exist of sufficient magnitude to hold hearings.

II. Some History - Has the PSC already examined these issues ?

What they Say:

The P.S.C. appears to believe that they have already thoroughly examined these subjects and do not need to hold any hearings. In particular, they have been making a series of extravagant statements about the large number of hearings that have previously held on these issues:

- (1) "That this Commission has provided for residential customer protection from disconnection without due process by its recent adoption and promulgation of new electric rules (See Cause No. 33629; December 24, 1975; Cause No. 34526, June 26, 1976), and new gas rules (See Cause No. 34613, September 13, 1976); that Rules 16 and 16.1 in both electric and gas rules deal respectviely with Disconnection of Service Complaint and Review, and provide sufficient and adequate protection for residential customers."

Unanimous PSC order in Cause # 35526, refusing to hold hearings on problems of winter-time disconnects - those conclusions reached by PSC without any hearings or evidence and therefore reflect only their own personal preconceptions. January 3, 1979.

- (2) "Petitioner's [NIPSCO's] rules are consistent with the rules of this Commission applicable to all electric utilities in this state and as such an approval of these rules in this proceeding is unnecessary. Likewise, CECEF's attack upon the Petitioner's proposed rules is not well taken as it is a collateral attack upon the Commission rules which were promulgated in another proceeding."

Unanimous PSC order in Cause #35572, NIPSCO rate case, refusing to consider the testimony proposing changes in PSC rules in two public hearings, since the purpose of those hearings was not (In The PSC's opinion) to hear evidence on rule changes. July 18, 1979.

- (3) "Further, with respect to the specific rules and provisions prayed for in rhetorical paragraph 14 of the petition [Request by CAC and others for hearings], the Commission finds that has considered and held in its Cause Nos. 33629, 24526, and 34613, and the Commission it its judgement and discretion, and subject to its findings, conclusions and orders in Cause No. 35724, finds that the Public Interest would not be served at this time by additional and duplicative proceedings and hearings thereon relating to the issues of winter disconnection of service, billing periods and information provided to customers."

Unanimous PSC order in Cause #35835, turning down the request of 90+ groups for hearings on these issues. September 12, 1979.

- (4) "But [P.S.C. Chairman Larry] Wallace said the topic of utility disconnection practices for non-payment of bills has been the subject of five public hearings and is being re-examined because of the requirements of the federal energy act."

AP Wire Service Story in the Richmond Palladium-Item, Sept. 12, 1979

- (5) "As the PSC pointed out, hearings on shut-off procedures have been held four times in the past and are currently under review."

Indianapolis NEWS, lead editorial, September 17, 1979

If one were to take the various comments of the PSCI together, and at their face value, it appears that they have held frequent hearings (though the exact number varies each time a PSC statement is issued) on the issues we want to raise, and that they need not consider these issues any more.

Even just taking their statements as they stand, though, it should be troubling that when various people at rate hearings on specific utilities (NIPSCO and SIGECO) tried to complain about utility rules and ask for changes that the PSCI did not find their evidence in order -- but now they don't want to hold hearings because they don't believe that there is any evidence that could be heard.

Where do people go for relief ? How can we get them to listen to us and stop playing procedural ping-pong with us ?

What the Real History Is

What seems apparent to any non-involved observer is that the PSC first of all never tries to raise all these procedural problems and arguments when a utility company wants something. When a utility comes in to ask for a rate increase, for example, the PSC doesn't refuse them a hearing just because they have (allegedly) looked at the utilities rates within the last two years. NO - instead they automatically set hearings, consider evidence about any changes since the last hearings and then make a new decision and ruling.

Why this double standard ? Why won't they deal with consumer groups in the same way as they deal with utility companies ?

BUT - the PSC's own statements in the various proceedings cited above are in fact inaccurate and self-serving, as we try to show below. In fact the PSC seems to have decided to use a "Big Lie" technique in dealing with consumers...they seem to believe if they repeat the same inaccurate statements

Often enough and loudly enough in various forums, and then quote their earlier statements as proof of the more recent, that they will document their own rhetoric by their earlier rhetoric.

Probably they assume that no one from the public or the press has the interest or patience to deal with all the old PSC hearing records. And since, in their traditional fashion, they have not made transcripts of the actual testimony in the earlier cases, they can rest secure knowing that no one can quote the transcripts back to them to disprove their assertions.

But let's look at the various proceedings that the PSC has begun to refer to as the "proof" of their position.

Cause # 33629 is the first one they mention as having examined these issues. That proceeding was the first hearing that they ever held to consider our proposals for a "Consumer Bill of Rights." CAC was a participant in those hearings and so we are well familiar with the issues raised and discussed. While a large number of things were considered (in these five year old hearings), they never considered:

- (a) A total ban on winter disconnects
- (b) A partial, cold-weather ban on utility disconnects
- (c) Requiring the utilities to provide customers with a clear and concise notice, in standard form, of their appeal rights.
- (d) Making any special provisions for the elderly or the handicapped
- (e) The idea of providing additional (third-party) disconnect notices (such as to relatives or social service agencies) if requested by the customers.

Since these are the major issues we are now asking them to consider, it is hard to see how they can claim that hearing as an example of how they have already adequately considered the issues we want to raise. They didn't even discuss our issues then.

Furthermore the date of the final order in this proceeding (December 24, 1975) is misleading because in fact the actual hearings in this proceeding, on which the decisions were ultimately based, were held in 1974 -- and many things have changed in the last 5 years.

Cause # 34526 is the second cause that they continue to mention as covering these issues. Of all the claims they make, this is the most distorted and misleading, because this cause was not even a set of general hearings on consumer rules, but was called (at our request to the Governor, who then asked the PSC to hold this hearing) to examine only one issue: the provision of an appeal process for utility customers who believed that their bills were in error. The PSC held a short hearing on April 20, 1976 but only on this one very narrow issue. None of the issues that we are trying to raise were either discussed or considered in any way in this proceeding.

Cause # 34573 The PSC totally fails to mention this cause. On May 25, 1976 we filed several petitions with them requesting that they hold hearings on

the rights and responsibilities of gas utility customers. The PSC not only refused to hold hearings -- they even refused to mark these petitions in on their official docket, and later reassigned the cause no. to another proceeding. In a letter to us dated May 26, 1976 Commission Chairman Larry Wallace explained that they didn't think they had the statutory authority to hold hearings on gas utility consumer rights, or to consider our petition.

Cause No. 34613, another one that the PSC sometimes refers to, was the hearing they held on gas utility customer rights. They initiated this proceeding on July 1, 1976, slightly more than a month after they told us that they were refusing our request for these hearings (see above). [If you, as a casual reader, begin to detect a pattern that the PSC consistently refuses to listen to hearing requests from anyone but the utility companies, you might just be right].

During these gas hearings, the only issues considered at the August 3, 1976 public hearing were the adoption of rules identical to the electric rules. Although the PSC made some minor changes, they considered no new subjects at all, and certainly therefore did not address the problems that we want heard.

Yet the PSC apparently cites this as the "third" of the times they have held hearings on these issues.

As we become more and more recent, it is ever more difficult to see even a shred of evidence to support the PSC's contention that they have repeatedly heard these issues.

Cause No. 35526 was begun by the Citizens Action Coalition on November 22, 1978, following the passage of the Public Utilities Regulatory Policies Act of 1978. It is worth noting that the PSC at least doesn't claim this as one of their "hearings" - since they never considered this petition.

This was a petition submitted in an attempt to get hearings as required under PURPA on the question of winter disconnects. Specifically, CAC asked for hearings to consider a ban on winter disconnects. The PSC refused in an order dated January 3, 1979 to hold these hearings at all. In their denial of the hearings the only mentioned two reasons:

- (a) That by January 3rd much of the winter was already past (choosing to ignore their own delay as part of the reason for that)
- (b) That they had already considered these issues (again, not true).

They totally failed to mention PURPA, despite the fact that it was specifically listed as a ground for holding hearings in Paragraph 7 of the Petition, and despite the fact that they now (see # 35724) are at least concerned that PURPA might require them to hold hearings.

Cause Nos. 35572 [NIPSCO] and 35528 [SIGECO]. In these two major rate hearings this spring, the PSC heard hours of testimony at two hearings in Lake County and one in Evansville on the problems with the existing rules. They also were given technical testimony in justification of major rule changes.

Their decision in these two cases - although worded slightly differently for each utility -- essentially responded in two ways: (a) They said that it was inappropriate to consider these issues in the context of a rate case, and (b) that this testimony constituted a "collateral attack" on the PSC rules -- and that therefore the only proper way to change things was to have hearings to change the rules. (SO WHY ARE THEY REFUSING TO HOLD SUCH HEARINGS NOW ????)

Cause No. 35724 is the last case in which the PSC claims to be examining the problems that we want to raise. This is the hardest of their claims to dispute (since they haven't handed down a final decision) and is the cause in which we are filing intervention petitions today (October 4, 1979).

However, before we give the PSC any credit on this score, we should look at the hearing record and remember:

- (1) To date they have taken the position that this hearing is not to discuss rule changes at all.
- (2) Instead, the purpose of this proceeding in the eyes of the PSC, is for the very narrowly defined legal purpose of seeing whether or not they can avoid hearings that PURPA requires them to hold. To quote from the PSC's own June 6, 1979 order that began this process:

"IT IS THEREFORE ORDERED BY THE PUBLIC SERVICE COMMISSION OF INDIANA that a hearing shall be held for the sole purpose of providing interested parties an opportunity to show cause why this commission should not make a determination that its Termination of Service Rules substantially conform to and meet the requirements of PURPA."

CAC has already participated in this hearing, but today we and 105 other groups are formally intervening and asking that they quit playing procedural games (at great expense to the public and a great waste of everyone's time) and instead just hold hearings.

Cause No. 35835 is the cause that we filed on September 11th, and the PSC dismissed on September 12th without holding hearings which requested that they hold hearings.

In Summary

The PSC has consistently refused to hold hearings to look at the problems of winter disconnects or the other issues we have raised. Instead they have chosen two very unproductive responses:

- (1) To play procedural games. As the above history should indicate, every time we try a new way of forcing hearings, they invent a new series of procedural problems or obstacles. The fact that their statements are sometimes mutually contradictory doesn't seem to bother them.
- (2) To say loudly (if inaccurately) that they are already holding hearings or that they have already held some large number of earlier hearings on these problems. As we have seen, this is factually untrue.

Why Won't the PSC just Agree to Hold Hearings ?

State Plans Link of "Project Safe" To Federal Program

Advocate 10/79

Winter and its hardships have become an annual threat to the increasing number of persons unable to meet rising fuel costs. For each of the past three winters, Congress has approved some type of emergency, one-time-only, "crisis intervention" assistance program. This year, the Indiana Legislature acted first, but congressional action also seems certain.

Indiana's Project SAFE

Project SAFE (State Allowance for Energy for the Elderly, Blind and Disabled), is a program run by the Indiana Community Services Administration (CSA). (See the Advocate, August-September 1979). Applications are made at electric utility companies for credits on electric bills and the bills of other suppliers of heating fuel. The maximum credit available to eligible households is \$200. Assistance is given only to persons who are 65 or older, or expect to be during the heating season, and to heads of households receiving SSI Blind or Disability benefits.

To date, 20,000 applications have been approved, according to State CSA Director Jean Merritt. Eligibility rates have been running at 50% of those applying, partially because the income eligibility criteria were set too low to help many needy families.

Governor Invokes Emergency Powers

In response to the obvious hardships expected from the low eligibility criteria, Governor Otis Bowen invoked his discretionary powers under the civil defense law to raise the criteria. In an action taken on October 17, the Governor set the new guidelines at a level equal to 125% of the Federal CSA poverty guidelines. This level will coincide with this year's federal crisis assistance program.

Three other sensible changes were also made to Project SAFE. The 7,000 to 8,000 people who have already applied who were not eligible under the old guidelines, but are eligible under the new ones, will not be required to re-apply. The applications on file will be approved automatically for these people.

The Governor has also decided to make Social Security disability recipients eligible for Project SAFE, if they meet the other eligibility requirements. This category of disabled people was previously not listed among the elderly and disabled who could be assisted by SAFE.

The definition of "heating season" was extended to include April and May. Also, persons who enroll up to December 31 will be able to receive the maximum of \$200, rather than a prorated smaller amount.

All in all the Governor acted commendably in liberalizing the SAFE guidelines. He must have felt similar to Ms. Merritt, who had been pushing for the higher guidelines. As she said, "It is very difficult to sit here in Indianapolis and deny assistance to so many people who badly need help with keeping their homes heated." At least one aspect of the plan is potentially disturbing, however. The Governor expects to use at least \$3.5 million from the federal crisis assistance program to bolster the SAFE program. If the federal money runs out, this switch of funds could be accentuating a breach between elderly and disabled poor from other poor people.

In the past, federal money has gone directly to Community Action Agencies as administrators of crisis programs. This year's money will go to state Governors in a modified Block Grant program. The Governor submitted a plan to the Federal CSA on October 19. If the plan is approved, money should be available to the state by November 1.

Federal regulations impose few requirements on state plans. Income eligibility levels must be set at 125% of the Federal CSA poverty guidelines. This coincides with the new Project SAFE criteria. Heads of households certified for SSI must be automatically eligible. The maximum assistance available to any household is \$400, but the state can set it lower.

Except for these requirements, the states have been given great freedom to design the program as they choose. Surprisingly, there is no requirement that the Community Action Programs (CAPs) be the administering agencies. Indiana has chosen to stay with the CAPs, however, at least as the agency processing applications.

The SAFE Connection

According to Ms. Merritt, the State plans to shape the crisis assistance program so that it can be joined with the SAFE program. The recent changes to SAFE, plus some additional ones, will facilitate the connection. The basic income guidelines are the same for both the federal and state programs. The federal program, however, will call for the use of deductions of at least some medical expenses.

The federal program will not benefit only the elderly and disabled, but will be available to any household which meets the income criteria and has an "energy related crisis." The "crisis" will be loosely defined, and will include such things as inability to afford food as a result of higher heating bills.

Project SAFE will provide a "maintenance level" of up to \$200 to eligible households. The household may also be eligible for up to an additional \$200 in crisis assistance. Households not eligible for SAFE, but eligible for the federal program, could receive up to \$400 in crisis assistance.

The \$200 maintenance levels of Project SAFE will be met with state funds, supplemented by \$3.5 million from the federal crisis program. The state expects to supply \$10 million to Project SAFE. The total \$13.5 million may assist more than 100,000 households of elderly and disabled, according to Ms. Merritt. Unfortunately only about \$3.5 million is left to fund the crisis assistance program, the only program available for low-income households which are not composed of elderly and disabled. An additional \$6 million, approximately, is possible but tentative. Ms. Merritt plans to use the additional money, if it materializes, solely for the crisis program.

Application Process

Applications for Project SAFE are currently taken at electric utility company offices. The applications will continue to be accepted there, but will also be transferred to CAP offices.

As in the past, applications for the crisis assistance program will be taken at CAP offices. The fact that some persons will be eligible for both programs, or believe themselves eligible for one but actually are eligible for another, could cause considerable confusion. To be on the safe side, persons would be well-advised to apply at the CAP office, if possible. The transition is planned to start when the federal money arrives. That could happen as early as November 1, but probably will be later. □

New Income Guidelines for Project SAFE and the Federal Crisis Assistance Program

Sizes of Family Unit	Income
1	\$4,250
2	5,625
3	7,000
4	8,375

Add \$1375 for each additional member.

MONROE COUNTY C. A. P. ENERGY STUDY

AUGUST - SEPTEMBER 1979

Ne: No-24-36

In the United States today, energy is as necessary to life as food and shelter. But energy prices have increased even more drastically than food and shelter in the last ten years, and this increase has hit low-income households particularly hard. For low-income people, the crux of this energy problem is that budgets (which cannot meet basic living needs to begin with) cannot reallocate resources to pay for energy without taking money away from other basic needs, such as food, clothing and health care. This is due to the fact that the ability to offset increased energy costs through product substitution is lower for energy than for any other necessity used by poor households. Another reason why it is very difficult for poor households to offset energy price increases is that conservation is very difficult, as low-income households are often already using energy at lower levels than might be considered safe or healthy.

Low-income households have been hit far harder by this increase in the cost of energy than they would have been had energy cost increases simply matched the rate of inflation. Also, the increase in energy cost has taken, proportionally, a much larger bite out of the low-income families' budget than it has out of the budget of middle-income families. On the average, median-income families spend 9.6% of their annual budgets on energy, while low-income families spend approximately 33% of their annual incomes on energy. If energy prices increase 25% (a likely possibility), the percentage of income spent by median-income families for energy will increase to 11.5%, while that of low-income families will rise to over 40%. This rise in energy costs caused low-income households to suffer a loss in purchasing power of more than \$8 billion (or \$538 per household) over and above that which they would have suffered if energy costs had risen at the same rate as inflation. According to the Bureau of Labor Statistics, the overall Consumer Price Index (measuring the price of all goods and services in the economy) increased 55.9% between 1972-78, while fuel oil/coal prices increased 151.7% in the same period. And because the cost of energy is itself a large factor in the CPI, the difference between energy price movements and price increases in non-energy goods and services is in fact even greater than this comparison shows.

Inverted pricing schedules and credit and delivery practices combine to make the energy burden on the poor even higher. Inverted pricing schedules charge lesser rates at higher usage levels; thus consumers using smaller amounts of energy (i.e., low-income people) must pay at the higher price level. Due to this higher per unit prices paid by low-income households, the difference in total amounts spent annually for energy between low-income households and all households was even less than the difference in energy consumption. Also, many fuel oil suppliers reduce the cost per gallon for large orders and increase the cost per gallon for smaller orders. Most low-income persons cannot take advantage of this reduced rate because they do not have adequate resources to buy large orders, and they often do not have storage capacities for the larger orders. Credit practices which are used by some energy providers also penalize the poor. Low-income persons are often prevented from taking advantage of credit or budget payments because they do not have a high enough credit rating to qualify for these payment plans. As a result, poor persons must pay "cash on delivery". This is particularly hard on the low-income persons because most fuel expenditures take place over the relatively short period of a few months. 1

The situation in Monroe County is reflective of that of the national level. Data on low-income households' energy use was gathered by randomly selecting 53 participants of CAP's Crisis Intervention Program and interviewing them regarding their energy use and costs. Although statistics are available only for the six month period of November 1, 1978- April 31, 1979 (the highest energy consumption months), it is still possible to get an idea of the percentage of income residents of Monroe County spend for their energy needs.

1. Low-Income Energy Assistance: A Profile of Need and Policy Options. A working paper of the Fuel Oil Marketing Advisory Committee of the U.S. Department of Energy. March, 1979, pg. 1-18.

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Natural gas and fuel oil are the primary heat sources for 80% of those persons surveyed, while propane gas is the source used by another 10% (electricity, wood and coal were the primary heat sources for the remainder of the survey participants). All respondents used electricity as their secondary energy source. For the period of November 1978- April 1979, both gas and fuel oil users spent approximately 30% of their six month income on energy (this includes both primary and secondary sources). Those who heated their houses with propane spent slightly more of their income (33%) for energy. Fuel oil users, on the average, spent the least dollar amount on energy during that six month period, while natural gas and propane gas users both spent about \$90 more than those using fuel oil for their energy.

The new rates for energy (which are likely to go still higher by this winter) will cause even more hardship to low-income households. If the same amount of energy is used this winter as was used last winter by the respondents, propane users would spend 38.9% of their six month income for primary and secondary heat sources, natural gas users would spend 35.2%, and fuel oil users would spend an average of 36.8% of their six month income on energy due to the energy rate increases. However, fuel oil users on the whole would suffer the largest average dollar increase (\$110.66), as compared to an increase of approximately \$70.00 for both natural gas and propane users.

When comparing the percentage of income spent for energy (both primary and secondary), there was a very wide range. One propane gas user spent 77.7% of her six month income on energy, while a fuel oil user spent only 12.4% of her income for energy (this is still more than the average percentage of income spent on energy by median-income families). Also, nine respondents spent over 40% of their six month income on energy, while only eight spent under 20% of their income for energy during that time period.

It is also interesting to note that some natural gas users, in spite of the increase in gas rates, will suffer very little in the way of a price increase if they use the same amount of energy as they did last winter. In fact, one person surveyed (who used the most cubic feet of gas of all respondents last winter) would actually save \$1.10 if she used the same amount this winter, in spite of the rate increase. This is because of the inverted price schedule which is used by the Indiana Gas Company. Particularly hard hit are those persons who utilize close to 1,000 cubic feet of gas, as they must pay the higher rate for the entire amount they use.

The following pages contain statistics on each individual surveyed, along with the averages for each category. It is hoped that these statistics can give an even clearer picture of the energy situation as it effects low-income residents of Monroe County.

MONROE COUNTY COMMUNITY ACTION PROGRAM, INC.

ENERGY STUDY

AUG.-SEPT. 1979

TOTAL COMPLETED QUESTIONAIRRES -- 53

I AGES OF RESPONDENTS:

| | | | | | | |
|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <u>26-35</u> | <u>36-45</u> | <u>46-55</u> | <u>56-65</u> | <u>66-75</u> | <u>76-85</u> | <u>86-95</u> |
| 7 | 3 | 5 | 8 | 12 | 14 | 4 |
| (13.2%) | (5.6%) | (9.4%) | (15.1%) | (22.6%) | (26.4%) | (7.6%) |

II TYPE OF HOUSE:

| | | | | |
|--------------|----------------|------------------|------------|--------------|
| <u>FRAME</u> | <u>TRAILER</u> | <u>APARTMENT</u> | <u>LOG</u> | <u>BLOCK</u> |
| 38 | 7 | 3 | 2 | 1 |
| (74.5%) | (13.7%) | (5.9%) | (3.9%) | (2.0%) |

III PRIMARY HEAT SOURCE:

| | | | | | |
|------------|-----------------|--------------------|-----------------|-------------|-------------|
| <u>GAS</u> | <u>FUEL OIL</u> | <u>PROPANE GAS</u> | <u>ELECTRIC</u> | <u>WOOD</u> | <u>COAL</u> |
| 21 | 21 | 6 | 4 | 4 | 1 |
| (39.6%) | (39.6%) | (9.4%) | (7.6%) | (7.6%) | (1.9%) |

IV SECONDARY SOURCE:

ELECTRICITY
53
(100%)

V HOUSE STATUS:

| | |
|------------|-------------|
| <u>OWN</u> | <u>RENT</u> |
| 40 | 12 |
| (77%) | (23%) |

VI INCOME LEVEL:

| | | | | | |
|--------------------|------------------|------------------|------------------|------------------|------------------------|
| <u>under 2,000</u> | <u>\$2-3,000</u> | <u>\$3-4,000</u> | <u>\$4-5,000</u> | <u>\$5-6,000</u> | <u>\$6,000 or more</u> |
| 6 | 15 | 11 | 8 | 7 | 3 |
| (12%) | (30%) | (22%) | (16%) | (14%) | (6%) |

VII HAS HOME BEEN WEATHERIZED?

| | |
|------------|-----------|
| <u>YES</u> | <u>NO</u> |
| 30 | 19 |
| (61.2%) | (38.8%) |

VIII TAKE PART IN ALTERNATIVE ENERGY PROJECT IF AVAILABLE AND FREE?

| | |
|------------|-----------|
| <u>YES</u> | <u>NO</u> |
| 33 | 5 |
| (76.7%) | (11.6%) |

IX NEW RATES FOR FUEL OIL AND GAS

FUEL OIL

as of Aug. 27, 1979:
77.4¢ for #1 fuel oil (used for trailers)
74.4¢ for #2 fuel oil (used for houses)

INDIANA GAS COMPANY

as of Sept. 7, 1979:
38.9¢ for first 1,000 cubic feet
19.8¢ for anything over 1,000 cubic ft.
6.6¢ rate tracking fee per 100 cubic ft
+ 4% sales tax

PROPANE GAS

| Month | Gallons used | Cost of same amount at Sept. price | \$ increase | Cost of secondary source (electricity) | 6 month income | % of income spent for primary source | Cost of primary and secondary sources | % of income spent for primary and sec. | % of income spent for primary and sec. at new price |
|----------|--------------|------------------------------------|-------------|--|----------------|--------------------------------------|---------------------------------------|--|---|
| 1. April | 1,205 | \$631.42 | \$87.78 | \$68.84 | \$788.56 | 68.9% | \$612.48 | 77.7% | 88.8% |
| 2. | 666 | \$348.98 | \$42.77 | \$112.07 | \$2,367.46 | 12.9% | \$418.22 | 17.7% | 19.5% |
| 3. | 450 | \$235.80 | \$28.79 | \$180.29 | -- | -- | \$387.30 | -- | -- |
| 4. | 1,050 | \$550.20 | \$128.53 | \$131.02 | \$2,832.84 | 14.9% | \$552.69 | 19.5% | 24.0% |
| 5. | 900 | \$471.60 | \$75.20 | \$64.51 | \$2,304.78 | 17.2% | \$460.91 | 20.0% | 23.3% |
| IV. | 854 | \$447.60 | \$72.61 | \$111.35 | \$2,073.41 | 28.5% | \$486.33 | 33.7% | 38.9% |

Price of propane gas as of 9/7/79: 52.4¢/gallon

ELECTRICITY

WOOD

| | ELECTRICITY | | | | WOOD | | | | | | |
|-----|-------------------|----------------|-------------------------------|--|------------------|------------|------------------------------|----------------|-------------------------------|--------------------------|-------------------------------|
| | Nov. - April cost | 6 month income | Cost of primary and secondary | % of income spent for primary and sec. | Nov.- April cost | # of ricks | Cost of secondary (electric) | 6 month income | % of income spent for primary | Cost of primary and sec. | % inc. spent on primary & sec |
| 1. | \$351.24 | \$1,405.38 | \$351.24 | 25.0% | 1. | 10 | \$84.39 | \$1,219.80 | 16.4% | \$284.39 | 23.3% |
| 2. | \$308.03 | \$1,124.09 | \$308.03 | 27.4% | | | | | | | |
| 3. | \$624.95 | \$2,490.18 | \$624.95 | 25.1% | | | | | | | |
| 4. | \$606.16 | \$1,568.00 | \$606.16 | 38.6% | | | | | | | |
| IV. | \$472.60 | \$1,646.91 | \$472.59 | 29.0% | | | | | | | |
| | | | | | WOOD AND COAL | | | | | | |
| | | | | | 1. | 10 | \$78.65 | \$2,458.60 | 19.7% | \$562.65 | 22.9% |

Statistics on kilowatt hours used not available.
Information on possible rate increases not available.

Information on possible increases in price of wood and coal not available.

GAS (ALL FROM INDIANA GAS COMPANY)

| | Nov. - April
Cost | Cubic feet
used | Cost of same
amount at
Sept. price | \$ increase | Cost of second-
ary source
(electricity) | 6 month
income | % of income
spent for pri-
mary source | Cost of pri-
mary and sec-
ondary sources | % of income
spent for pri-
mary and sec. | % of income
spent for pri-
and sec. at new
price |
|-----|----------------------|--------------------|--|-------------|--|-------------------|--|---|--|---|
| 1. | \$178.75 | 601 | \$243.54 | \$64.79 | \$75.26 | \$943.21 | 19.8% | \$254.01 | 26.9% | 33.8% |
| 2. | \$243.29 | 818 | \$331.47 | \$88.18 | \$275.41 | \$2,092.40 | 11.6% | \$518.70 | 24.8% | 29.0% |
| 3. | \$362.27 | 1,218 | \$450.27 | \$88.00 | \$205.74 | \$2,832.64 | 12.8% | \$568.01 | 20.1% | 23.1% |
| 4. | \$418.19 | 1,406 | \$489.11 | \$70.92 | \$26.45 | \$1,366.23 | 30.6% | \$444.64 | 32.5% | 34.9% |
| 5. | \$654.06 | 2,199 | \$652.96 | -\$1.10 | \$133.50 | \$1,816.11 | 36.0% | \$787.56 | 43.3% | 43.3% |
| 6. | \$591.90 | 1,990 | \$609.78 | \$17.88 | \$131.25 | \$1,449.59 | 40.8% | \$723.15 | 49.9% | 51.1% |
| 7. | \$358.11 | 1,204 | \$447.38 | \$89.27 | \$182.57 | \$2,211.69 | 16.3% | \$540.68 | 24.4% | 28.5% |
| 8. | \$427.71 | 1,438 | \$495.70 | \$67.99 | \$113.69 | \$2,448.67 | 17.5% | \$541.40 | 22.1% | 24.9% |
| 9. | \$262.93 | 884 | \$358.21 | \$95.28 | \$208.54 | \$1,124.08 | 23.4% | \$471.47 | 41.9% | 50.4% |
| 10. | \$523.19 | 1,759 | \$561.64 | \$38.45 | \$307.44 | \$3,672.00 | 14.2% | \$830.60 | 22.6% | 23.7% |
| 11. | \$184.11 | 619 | \$250.83 | \$66.72 | \$80.77 | \$1,513.35 | 12.2% | \$264.88 | 17.5% | 21.9% |
| 12. | \$577.32 | 1,941 | \$599.62 | \$22.30 | \$184.11 | \$1,983.00 | 29.1% | \$761.43 | 38.4% | 39.5% |
| 13. | \$398.87 | 1,341 | \$475.66 | \$76.79 | \$90.03 | \$1,767.57 | 22.6% | \$488.90 | 27.7% | 32.0% |
| 14. | \$366.14 | 1,213 | \$452.95 | \$86.81 | \$135.50 | \$1,840.50 | 19.9% | \$501.64 | 27.3% | 32.0% |
| 15. | \$292.97 | 985 | \$399.11 | \$106.14 | \$153.42 | \$2,063.40 | 14.2% | \$446.40 | 21.6% | 26.8% |
| 16. | \$559.78 | 1,882 | \$587.49 | \$27.71 | \$89.71 | \$1,207.20 | 46.4% | \$649.49 | 53.8% | 56.1% |
| 17. | \$303.98 | 1,022 | \$415.66 | \$101.68 | \$82.74 | \$1,222.20 | 24.9% | \$386.72 | 31.6% | 40.0% |
| | \$247.16 | 831 | \$336.74 | \$89.58 | \$124.23 | \$1,219.20 | 20.3% | \$371.39 | 30.5% | 37.8% |
| | \$262.03 | 881 | \$357.01 | \$94.98 | \$73.76 | \$1,211.77 | 21.6% | \$335.79 | 27.7% | 35.5% |
| | 05 | 955 | \$387.02 | \$102.97 | \$58.98 | \$1,119.20 | 25.4% | \$343.03 | 30.7% | 39.8% |
| | | 1,260 | \$444.60 | \$69.77 | \$136.66 | \$1,755.20 | 22.9% | \$511.50 | 30.8% | 35.2% |