

Citizens' Utility Ratepayer Board

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HOUSE UTILITIES COMMITTEE H.B. 2186

Testimony on Behalf of the Citizens' Utility Ratepayer Board
By Niki Christopher, Attorney for CURB

Chairman Holmes and members of the committee:

Thank you for this opportunity to appear before you today to offer testimony on H.B. 2186. CURB cannot support this bill as it is currently written, although we support many of its provisions.

This bill requires utilities to offer payment plans all year long, and provides for greater involvement of social service agencies in advocating for their clients. CURB welcomes these provisions. CURB could support this bill if such provisions were all that this bill is about.

CURB is concerned, however, that this bill is counter to the public interest because it removes the fundamental protections of the Cold Weather Rule.

HB 2186 will alter and codify provisions of the Cold Weather Rule, which has protected the public safety since 1983 by ensuring that no Kansan must go without heat in freezing weather for lack of ability to pay their heating bill in full. The Rule was initially promulgated to protect the public from carbon monoxide poisoning and the tragic fires that all too frequently occur when people without utilities attempt to heat their homes.

First, this bill would make it much tougher for customers to meet the Cold Weather Rule's requirements. [See Sections 3 (b)(1) through (d)]. The first tier payment plan increases the initial payment considerably. If customers default on the first tier plan, there are two more plans, each more difficult to comply with than the previous plan. Depending on the circumstances, a customer's initial payment to keep the heat on could be more than 200% higher than under the current rule.

Second, CURB is most concerned with what happens to a customer who cannot keep up with the third tier plan. This bill, in Section 3(h), would allow a utility to deny utility service altogether to a customer who cannot come up with the entire amount owed after defaulting on the third tier plan. The bill also appears to deny service to any customer who cannot come up with these higher initial payments at any tier level.

Currently, any customer, regardless of past arrearages, can negotiate a payment plan during the Cold Weather Rule period. While a customer who defaults on a payment plan may be disconnected during warmer weather, no customer can be disconnected during freezing weather, and all customers are eligible to enter into a new Cold Weather payment plan regardless of previous defaults or arrearages. This insures that no one does without heat in freezing weather.

In the best of times, there are always well-meaning people who fall behind on their heating bills during the winter. With a depressed economy statewide and unusually high unemployment in some communities around the state, we could quickly have a crisis situation on our hands if this bill is passed as written. Keep in mind that gas prices are around \$5.00 and expected to stay that high for some time. We have the largest natural gas utility in the state seeking a \$76 million increase. And if HB 2110 passes, all customers will start paying sales tax on their utility bills. This is perhaps not the best time to be thinking about making it even tougher on families to keep the heat on.

It's hard now with this nice weather to remember how harsh our winters can be. But last winter's ice storm was a sad reminder of what happens when amateurs try to heat their homes: in the Kansas City area alone, two people died, and over a dozen people were treated for carbon monoxide poisoning from make-shift efforts to heat their homes.

Fire is another big concern. Supplemental heating sources cause two-thirds of home heating fires, and three-fourths of the deaths from home heating fires. Conventional furnaces are much less likely to cause a home fire than portable space heaters and wood stoves. Thus, keeping the furnace running during freezing weather is the primary reason for having a Cold Weather Rule. It protects the public safety.

It is for these reasons that CURB has always been a strong supporter of the Cold Weather Rule, and for these reasons has grave concerns with the provisions of HB 2186 that would permit a utility to deny a customer service during freezing weather.

CURB believes that the "get-tough" provisions of this bill will result in unprecedented numbers of Kansans being denied utility service because of their inability to pay their arrearages in full. While we agree that giving the social service agencies a greater role in the process of negotiating payment plans is a wonderful idea, CURB sincerely doubts that social service agencies will have enough resources to help everyone who may end up without heat under this bill.

The Cold Weather Rule is the sole safety net for the majority of residential utility customers who do not qualify for public aid. The Cold Weather Rule as it currently stands does a good job of protecting the public safety.

In essence, HB 2186 doesn't really create a statutory "Cold Weather Rule" -- because this bill would no longer protect the public in cold weather. CURB urges you to delete or amend the provisions I've discussed if you intend to enact this legislation.

Summary of CURB's position on HB 2186

1. CURB welcomes the provisions that provide year-round payment plans and that give social service agencies a more proactive role in advocating for their clients.
2. CURB reminds this committee that the Cold Weather Rule was promulgated to protect the public safety. It has worked for 20 years to prevent casualties that are inevitable when make-shift efforts to heat homes turn deadly.
3. CURB finds the three-tier plans outlined in Sections 3 (b)(1) through (d) to be unduly difficult to comply with: more customers than ever are likely to default under this more stringent regime.
4. CURB finds the “three-strikes-you’re-out” provision in Section (h) unduly harsh and counter to the public policy considerations that prompted Kansas to develop a Cold Weather Rule in the first place.