

National Community Action Foundation

Bradley

David A.

Executive Director

For Immediate Release

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October 11, 2005

Vulnerable Utility Consumers Need Compassionate, Sensible Billing Policies this Season

WASHINGTON (October 7, 2005) – Several national consumer advocacy groups are asking utility companies to offer more generous payment terms to low and moderate income customers.

The AARP, the National Community Action Foundation, National Consumer Law Center, Consumer Federation of America, and Consumers Union, have asked the trade associations of the investor-owned natural gas and electric utility companies to develop and promulgate policies that are both financially realistic and humane. They recommend that utilities reconnect service to low income customers who were disconnected from utilities either as a result of Hurricanes Katrina and Rita or because they cannot afford today's soaring energy costs.

“After record high energy prices last year, many low- and moderate-income consumers are carrying balances on their utility bills that threaten to swell out of control as prices climb still more steeply in the coming months.” Many low-income victims of hurricane Katrina and Rita had balances due and are now unable to pay, said National Community Action Foundation Executive Director David Bradley. “Some other very low-income families in almost every state are already without lights and refrigeration or without gas service as winter comes on.”

The five organizations asked the national utility industry groups to recommend their member companies make extraordinary efforts to help their least fortunate customers cope with unusually high and unpredictable costs of energy. Customary industry rules for re-payment of debt and “levelized” or “budget” billing will be beyond the means of about 20% of their consumers in the months to come.

“Our groups have suggested the model policies that, if adopted now, will save lives and will allow low-income customers to have the heat and lighting they require, and also to fill their prescriptions, pay their rent and make steady affordable payments to meet their obligations over the long run. At least one company, Entergy Corporation has been a leader in developing new procedures to meet the ballooning need.” Bradley said.

AARP
Consumer Federation of America
Consumers Union
National Community Action Foundation
National Consumer Law Center

September 30, 2005

Mr. David N. Parker
President and CEO
American Gas Association
400 N. Capitol St., NW
Suite 450
Washington, DC, 20001

Dear Mr. Parker,

The entire nation is impressed and grateful as we watch the heroic efforts on the part of your member companies struggling to restore power and natural gas connections in the areas most affected by Hurricanes Katrina and Rita.

However, many of the very low-income utility consumers in the hard-hit areas are consumed by dread over the threat that they will not regain service when their neighborhoods are reconnected. Many had balances due for the past few months when energy costs soared; some had even received notices of disconnection and were awaiting help from community action agencies when the LIHEAP program becomes available. For the hundreds of thousands facing relocation, among their many fears is that their past struggles to pay soaring energy costs will force them to pay large security deposits for service in their temporary location.

We are writing to urge you to recommend that all your member companies adopt policies that are at once realistic and humane in the face of this national calamity and also in the face of the high energy prices that will prevail for the months to come. Customers returning to, or relocated from, the Katrina-damaged area will all need immediate relief. One company, the Entergy Corporation, which has itself suffered great loss, has adopted a model policy for the hurricane impact areas and we commend it to your attention. Its key provision is as follows:

First and foremost, we are restoring power -- as of September 8, we had restored power to 718,905 of the over one million customers who initially lost power. Entergy is reconnecting customers in those damaged areas as officials allow residents to return. Our Customer Service team is working with any that had a past due balance by using a combination of deferred payment arrangements and referrals to social service agencies that will have additional funds available to help victims....

**Entergy is waiving deposits and fees for Customers dislocated by Katrina and relocating to other locations within Entergy's territory. We won't interrupt service for someone returning and Entergy will communicate directly with customers on their account status.*

**Those customers that return to their homes and continue accepting service will receive their bill later than normal.*

Further, we hope you will continue (EEI's/AGA's) advocacy on behalf of vulnerable consumers by educating your membership further and suggesting more comprehensive approaches to assisting low-income customers. For example, we hope you can persuade them that America's poor in every community are generally as invisible as were those in New Orleans and its environs just three weeks ago. There are another 12 million or so households in poverty who cannot afford so much as a ride out of town and a safe shelter for a night *if their lives depend on it*. Yet, a month's utility bill this winter will generally be even more expensive.

The predicted high energy costs demand even more creative and generous solutions to meet the needs of low-income customers. We hope you will join us in urging your membership to reconnect all who are living without service because of inability to pay for this most basic necessity, while establishing realistic, truly affordable monthly payment plans with them. Realistic plans include debt management policies tailored to the household's ability to pay.

Establishing a model customer relationship that supports the reduction of bills, of energy use and of past debts by adopting tested models of energy affordability programs will result in benefits for the utilities as well as for their neediest customers. What is more, by such an initiative the electric/gas industry would be demonstrating its commitment to all Americans and to all the communities it serves, regardless of wealth or status.

Our organizations will continue to fight hard in Congress and in state legislatures for significantly enhanced LIHEAP and Weatherization programs that will help all ratepayers of your member companies; we look forward to working with you immediately to help implement model practices and similar new ideas in many more communities. Thank you for your consideration of undertaking this timely initiative.

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Government Relations and Advocacy
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AARP
Washington, DC

Mark Cooper
Consumer Federation of America
Washington, D.C.

Janee Briesemeister
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David A. Bradley
National Community Action
Foundation
Washington, DC

Will Ogburn
National Consumer Law Center
On behalf of our low-income clients
Boston, MA

AARP
Consumer Federation of America
Consumers Union
National Community Action Foundation
National Consumer Law Center

September 30, 2005

Mr. Tom Kuhn
President
Edison Electric Institute
701 Pennsylvania Avenue, N.W.
Washington, D.C. 20004-2696

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Sincerely,

David P. Sloane
Senior Managing Director,
Government Relations and Advocacy
AARP State and National Initiatives
American Association of Retired Persons
Washington, DC

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Consumer Federation of America
Washington, D.C.

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