

Late Backup

**STATEMENT OF
LANETTA COOPER
ON BEHALF OF
TEXAS LEGAL SERVICES CENTER
REGARDING AGENDA ITEM NO. 54
NOVEMBER 21, 2013**

Mr. Mayor and Members of the Austin City Council:

My name is Lanetta Cooper and I am here today on behalf of Texas Legal Services Center urging you to pass these proposed amendments to the City's utility code. These amendments sponsored by Councilmembers Tovo and Morrison are needed customer protections to ensure city utility payment arrangements for past due utility bills are within the financial abilities of low-income customers to make.

I am aware of low-income customers being disconnected because they could not come up with the payment levels for past due bills Austin Energy ("AE") requested as a condition for continued essential utility service. One example involved a low-income customer who is a section 8 tenant. The customer had a water leak the landlord did not repair spewing thousands of dollars in charges onto the customer's utility bills. Despite telling AE over and over again about the water leak and despite AE's knowledge that this customer was a CAP customer, therefore falling within some of the lowest income households in Austin, AE's deferred payment agreements required the customer to pay for the first two payment agreements \$500 a month on the past due bills in addition to the current bill and required the customer to pay \$350 a month on past due amounts for the third plan--even though the customer told AE these payment agreements were beyond the customer's financial ability. The customer was not financially able to make these payments and AE started disconnection proceedings. AE refused to look at the customer's financial ability. When a request was made to allow for more realistic payments on the past due bills, AE responded: "if we did that for this customer we would have

to do it for everybody else.” Bankruptcy or disconnection was the only option. Neither of these options provides AE with a cent towards payment of the past due bill amounts. All it does is increase the utility’s collection costs. The city’s costs have increased due to the greater risk of homelessness and to the health and safety concerns of surrounding neighbors to a house with no electricity and no water. But most importantly, AE’s decision to require payment levels that cannot be realistically made by a CAP customer discourages responsible behavior. A bill calling for unrealistic payments becomes an unpaid bill.

Councilmembers Tovo’s and Morrison’s proposed amendments are conservative and serve as a stop-gap to prevent AE’s practices that refuse to establish payment agreements based on the customer’s ability to pay. States such as Illinois, New Jersey, Montana, Maine, Pennsylvania, Missouri, and Idaho require the utilities operating in their states to provide reasonable deferred payment plans for past due bills that are reasonable and take into consideration the customer’s ability to pay. For instance, the New Jersey state regulations state, “the utility shall make a good faith effort to provide the customer with an opportunity to enter into a fair and reasonable deferred payment agreement(s), which takes into consideration the customer’s financial circumstances.”¹ Some of these states such as Illinois and New Jersey prohibit a down payment in excess of 25% of the past due balance in deferred payment arrangements for any customer. New York, who we all know does not make Pace picante sauce, does make good public policy when it comes to addressing the needs of customers to utilities operating within its borders. Utilities operating in New York are required to provide deferred payment plans based on the customer’s ability to pay including payment plans as low as \$10 month with no down payment. I have attached a copy of a form letter posted on the New York Public Service Commission’s website reflecting the extent New York expects its utilities to bargain in good faith with their customers involving deferred payment plans.

These amendments are not going to break the bank. Despite the presence of past due balances, AE’s latest financial report to the EUC found the utility to have realized \$80.8 million

¹ See N.J.A.C. 14:3-7.7

dollars more in revenue as of its 3rd quarter than the budget you approved. These proposed amendments are a necessary stop gap measure to protect customers now and in the near future until a committee charged by this council comes up with recommendations addressing this issue. Low-income customers cannot wait six months or sixty days to have their utilities re-connected. Help is needed now. These amendments are conservative and responsive to the need to ensure deferred payment arrangements are realistic and establish payment terms within low-income customer's ability to pay.

Please vote for these proposed amendments. They are necessary. And passage would send a message that all customers, including low-income customers, will be provided fair and reasonable payment arrangements considering a customer's financial ability. Deferred payment plans should not just be realistically available to customers who earn above 300% of the federal poverty guideline. They should be available to all.

Residential Payment Agreement

Customer Name: _____

Address: _____

Account# _____

The total Amount owed to [UTILITY NAME] for this account as of MM/DD/YYYY is \$XX.XX.

[UTILITY NAME] is required to offer a payment agreement that you are able to pay considering your financial circumstances. **This agreement should not be signed if you are unable to keep the terms.** Alternate terms may be available if you can demonstrate financial need. Alternate terms may include no down payment and payments as low as \$10 per month above your current bills. **If you sign and return this form, along with the down payment by MM/DD/YYYY you will be entering into a payment agreement and by doing so will avoid termination of service.**

Assistance to pay utility bills may be available to recipients of public assistance or supplemental security income from your local social services office. This agreement may be changed if your financial circumstances change significantly because of conditions beyond your control. If after entering into this agreement, you fail to comply with the terms, [UTILITY NAME] may terminate service. If you do not sign this agreement or pay the total amount due of \$XX.XX by MM/DD/YYYY, [UTILITY NAME] may seek to terminate your service. **If you are unable to pay these terms, if further assistance is needed, or if you wish to discuss this agreement please call [UTILITY NAME] at 1-800-XXX-XXXX.**

Payment of Outstanding Balance:

Your current monthly budget amount is: \$XX.XX

If you are not already enrolled in our Budget Billing Program, which allows you to pay for your service in equal monthly installments, and wish to enroll, check the box below and we will start you on our program immediately.

Yes! I would like Budget Billing

Acceptance of Agreement:

Customer Signature: _____ Date: _____

This agreement has been accepted by [UTILITY NAME]. If you and [UTILITY NAME] cannot negotiate a payment agreement, or if you need any further assistance, you may contact the Public Service Commission at 1-800-342-3377.

Return one copy of this agreement signed, with the down payment, by MM/DD/YYYY. If it is not signed and returned, your service may be terminated.



FY 2013 BUDGET TO ACTUAL COMPARISON

(\$ millions)	Amended Budget 2012-13	Budget Q3 2012-13	Actual Q3 2012-13	Difference Actual to Budget
Beginning Balance	\$123.5	\$123.5	\$128.5	\$5.0
Base and Other Revenue	859.7	568.6	562.3	(6.3)
Power Supply Adjustment (PSA) Fuel Revenue	414.2	286.1	310.6	24.5
Transfers In	10.9	10.9	10.9	0.0
Total Available Funds	\$1,284.8	\$865.6	\$883.8	\$18.2
Non-Fuel Operating Expense	518.1	400.1	359.1	41.0
Power Supply Adjustment (PSA) Fuel Cost	414.2	286.1	310.6	(24.5)
Debt Service	173.2	127.7	86.3	41.4
Transfers	174.4	130.6	130.9	(0.3)
Total Expenditures	\$1,279.9	\$944.5	\$886.9	\$57.6
Excess(Deficiency)	4.9	(78.9)	(3.1)	75.8
Ending Balance	\$128.4	\$44.6	\$125.4	\$80.8

Source: AE presentation to EVC, Backup, Item 21 (November 18, 2013)