

Brrrrrr...

By Mary Schierman-Duncan

Winter's chill brings cold weather. At the same time, many customers struggle to pay their utility bills. For more than 30 years, the PSC's Cold Weather Rule provides protection during winter's deep freeze.

It is quite possible that you may know of someone who has been able to keep their heat on during a cold Missouri winter because of the Public Service Commission's Cold Weather Rule. Maybe the Cold Weather Rule helped you at some time during the last 34 years. Since 1977, the Cold Weather has helped over two million Missourians keep their homes and families warm from the cold winds of winter.

Many Missourians, like others across the country, were struggling financially in the late 1970s. Thomas M. Supel, Senior Economist for the Federal Reserve Bank of Minneapolis noted in early 1978, the "longest and deepest economic recession since the end of World War II began in the late fall of 1973 and hit bottom in midwinter 1975."

In addition, the first Arab oil embargo occurred in 1974 with a second just four years later. People often found incomes weren't keeping up with energy costs.

The Missouri Public Service Commission began to look at a Cold Weather Rule in mid-February 1977. Then Chairman James Mulvaney requested the Secretary of the Commission draft and promulgate a rule prohibiting a utility providing heat-related service from terminating service during severe cold weather. On August 17, 1977, the Commission filed its order of rulemaking with the Secretary of State adopting the Cold Weather Rule effective November 1, 1977.

The Commission received a number of applications for rehearing and reconsideration as well as requests for clarification and interpretation of the rule from utility companies, social service agencies and other state agencies. As a result, on October 13, 1977, the Commission filed with the Missouri Secretary of State, an emergency amendment to the rule to take effect on November 1, 1977.

Helping To Keep Missourians Warm

In its filing, the Commission said, “The Commission finds that an immediate danger to the public safety exists in that this rule is scheduled to become effective on November 1, 1977, and should be clarified prior to becoming effective. This emergency amendment removes the uncertainty regarding temperature readings by substituting a time period, clarifies notice procedures and establishes a registration procedure for financial assistance.” The emergency amendment expired on March 1, 1978.

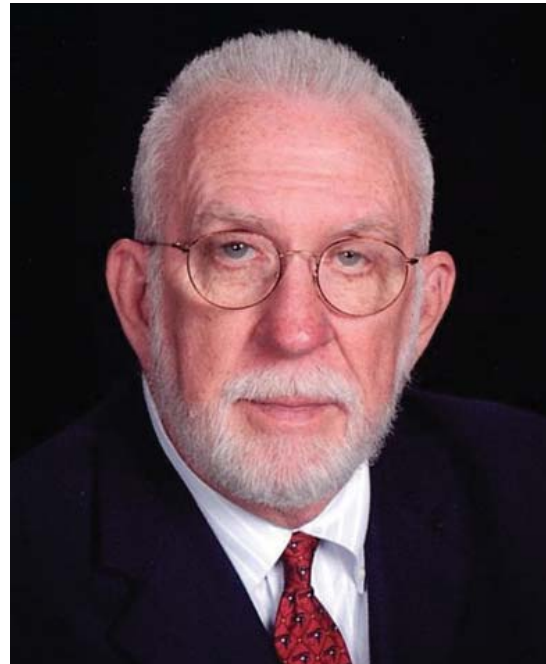
Charles Fraas, came to the Public Service Commission in December 1977, replacing James Mulvaney as its chairman. Fraas remembers the Commission feeling a sense of urgency to have a rule in place that winter that would protect consumers. “We also realized that as an emergency amendment, it would expire in March of 1978 and a permanent solution was needed.”

How to respond to the needs of Missourians while also recognizing the rights of a utility company to conduct its business was a central issue as the Commission attempted to fashion a permanent rule which would help people keep their heat-related service during the winter.

The Commission searched for consensus. It needed to determine how much authority the Commission had to influence the revenue stream of a utility company and how to administer a rule that recognized those faced with a bill they can’t pay in full but who want to work with the utility to keep service.

A permanent rule was ultimately adopted by the Commission prior to the winter of 1978. Over the next 14 years, the rule was amended and evolved by:

- Substituting a time period for weather conditions.
- Clarifying notice procedures and establishing a registration procedure to ensure those who had a difficult time paying their bill in full during the cold weather months would not be terminated if they met all requirements, including entering into a payment arrangement with the utility company.
- Providing special notice for any elderly and disabled person who requested such notice.
- Extending time period and providing more lenient payment



“It was a long rule-making process, but not a particularly contentious struggle.”

**Charles Fraas,
Former PSC Chairman**

arrangements for customers eligible for energy assistance.

- Clarifying the responsibilities of utility companies and customers regarding the discontinuance and a reconnection of heat-related utility service.
- Allowing customers to maintain service under certain payment terms and restricting deposits.
- Ensuring adequate customer notification prior to disconnecting service.
- Encouraging customers who could not pay their utility bills to seek financial assistance through available sources.

- Setting utility reporting requirements which provide information to gauge the use and effect of the Cold Weather Rule.

Today, the Cold Weather Rule has allowed customers to take advantage of more liberal payment arrangements; it has placed greater restrictions on disconnections or denials of heat-related service; and provided more frequent notification before service is disconnected. In addition, elderly or disabled customers who have registered with the utility company -- and who make minimum payments -- are safe from winter disconnections.

What Do I Need to Do?

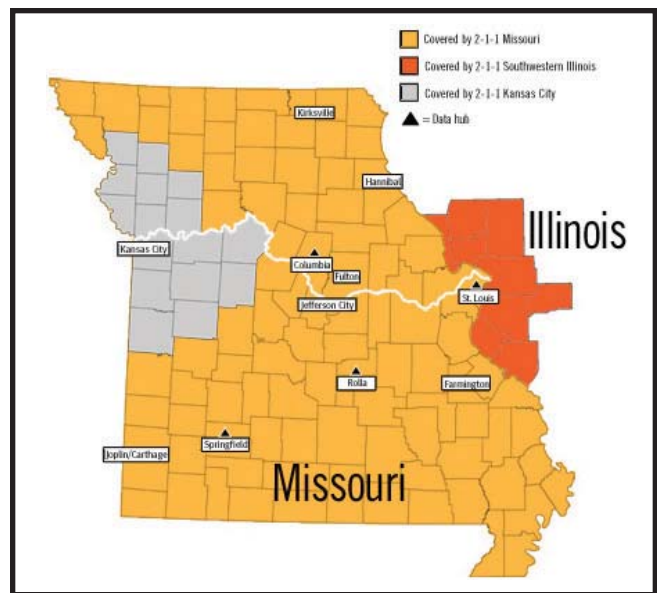
If you cannot pay your heat-related utility bill in full, it is important that you:

1. Contact the utility company.
2. Advise the utility that you are unable to pay in full.
3. Provide income information (either monthly or annual).
4. Make the minimum payment.
5. Enter into a payment agreement with the utility.
6. Maintain your agreement payments in a timely manner.

What Resources for Assistance are Available to Me?

Programs like the Low Income Home Energy Assistance Program (LIHEAP) can assist you in paying your heating bills. LIHEAP is a federally funded program to help low-income households meet their home heating needs and has two components: Energy Assistance (EA) and Energy Crisis Intervention Program (ECIP).

According to Elaine West, Executive Director of the Missouri Association for Community Action (MACA), LIHEAP funding this year could be significantly less than in previous years. Many community action agencies are struggling



Gray -- United Way of Greater Kansas City
Orange -- United Way of Greater St. Louis

to find ways to adequately provide services to those in need while operating within reduced budgets. Some offices are facing staff reductions, others are reducing their hours and some offices are closing entirely.

Community action agencies began accepting applications on October 1 for households with persons 60 years or older or disabled and on November 1 for all other applicants. For a listing of community action agencies in Missouri, or to find the contact information for the agency near you, go to the Missouri Association for Community Action at www.communityaction.org.

The United Way of Missouri can also provide assistance resources. You can access its website at www.211missouri.org or by calling 2-1-1 from any landline telephone or certain cell phones.

If your cell service does not support the 2-1-1 dialing option, you can call the United Way of Greater St. Louis at 1-800-427-4626 or the United Way of Greater Kansas City at 1-866-320-5764.

What Does The Cold Weather Rule Mean To Me?

The Cold Weather Rule period is from November 1 through March 31. The rule prohibits a utility company from disconnecting heat-related service when the temperature is forecasted to drop below 32 degrees. That is based on a National Weather Service forecast between 6 am and 9 am for the following 24 hour period in which the temperature is predicted to drop below 32 degrees.

A temperature provision was not a part of the original Cold Weather Rule adopted in 1977. In 1993, the Commission added a provision to the Cold Weather Rule which prohibits a utility company from disconnecting heat-related service if the temperature is predicted to fall below 30 degrees.

It is important to note that if you have already had service disconnected for nonpayment; the temperature provision does not require the utility company to reconnect you based on the fact that the temperature is predicted to fall below 32 degrees. Under the rule, the utility company is prohibited from shutting off your service on any day when utility employees will not be available to reconnect your service on the following day or days (weekends) or holidays.

The rule allows you to set up a payment plan, spreading your pre-existing debt, current bill and the utility's estimate of the subsequent bills, over 12 months. **A deposit will not be required if you maintain your payment agreement.**

There are a number of customer notification requirements before service can be disconnected. The rule requires that you be notified by mail at least 10 days prior to the date of the proposed disconnection. In the case of a registered elderly or disabled person, the additional party listed on the registration form must also receive notice.

The company must attempt to contact the customer within 96 hours before disconnecting service by either a second written notice sent by first class mail **or** a door hanger **or** at least two telephone call attempts to the customer. Finally, the rule requires one notification attempt in person at the time of disconnection.

The rule also requires that you be notified of the possible availability of financial help in



paying your bill and it allows for reconnection of service for less than the full amount owed.

If you are a senior citizen (65 years or older), or if you are disabled to the extent that your doctor has provided a medical form to the company attesting to the fact that your household must have natural gas or electric service to maintain life or health, or if you have a formal award letter issued by the federal government for disability benefits, you may register with the utility. As a registered low-income elderly

or disabled person, if you have entered into a Cold Weather Rule payment plan, made the initial required payment and continue to make the agreed payments during the effective period, the rule prohibits disconnection of your service.

For a customer who has not defaulted on a Cold Weather Rule payment plan, the initial payment shall be no more than 12 percent of the 12 month budget bill. For those customers who have defaulted on a Cold Weather Rule payment plan, the initial payment shall be an amount equal to 80 percent of the customer's balance. For natural gas customers who have not previously defaulted on a Cold Weather Rule payment plan, the rule requires the company to restore service upon the initial payment of 50 percent or \$500 of the pre-existing arrears, whichever is less, with the deferred balance spread over a 12-month payment period.

If you are a natural gas customer who has defaulted on a previous Cold Weather Rule payment agreement, the rule allows you to make an initial payment of 50 percent of your outstanding balance or \$500, whichever is less, with the remainder to be paid in a Cold Weather Rule payment agreement plan over the following 12 months. A natural gas utility is not required to offer these more lenient payment terms to keep service on or reconnect a customer more than once every two years or when a customer has defaulted on a Cold Weather Rule payment agreement three or more times. In these situations, customers must pay 80 percent of their outstanding balance to keep the service on or have it restored.

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