

Greeley Tribune
Greeley, CO
Circ. 25593
From Page:
1A
9/14/2009
144149



LOW-INCOME PROGRAM

- 308
Atmos

proposal splits rates into tiers

By Sharon Dunn

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Greeley's gas company hopes to soon persuade the Public Utilities Commission to allow a rate increase, one that would benefit the area's low-income residents.

Just before going into the heating season, Atmos Energy has proposed a three-tiered special rate to charge poverty-stricken customers. Meanwhile, remaining customers will foot the bill.

State energy officials say that for once, there will be rates that low-income residents can more comfortably cover. In Weld, for example, the lower rates would apply to about 30 percent of the population.

"The basic theory Atmos is taking is that low-income households would be presented with a bill they can afford to pay," said Skip Arnold, executive director of Energy Outreach Colorado, which provides energy assistance grants to low-income residents in addition to the federal Low-Income Energy Assistance program administrated through counties.

The state Public Utilities commission will take public comment on Atmos' request at a hearing Tuesday in Greeley.

« CONTINUED

A10: Atmos





Greeley Tribune
 Greeley, CO
 Circ. 25593
 From Page:
 10A
 9/14/2009
 144149

Proposal uses three tiers?

« **ATMOS**
 From AI

Arnold, a former utility executive, said that even while energy costs are now decreasing, families aren't any better off.

"Now, the cost is starting to decline, but we have an economic condition in the state that is putting more people in harm's way," Arnold said. "In Energy Outreach, we're seeing people from Highlands Ranch and Parker. More and more people are losing their jobs and trying to stay in their homes. The need is every bit as high as it's ever been, even with prices dropping."

Atmos created a three-tiered low-income rate, which would provide for low-income families to pay from 2 percent to 4 percent of their annual household incomes on their gas bills. Arnold said the typical low-income family at present spends 17 percent to 22 percent of its household income on gas and electric.

Those who aren't considered low income typically pay about 6 percent of their annual incomes on energy costs, he said.

Most low-income residents also qualify for LEAP assistance, benefits which averaged \$573 per household last year. The LEAP program runs from

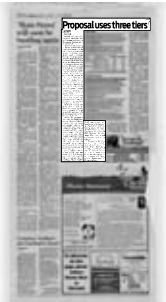
Nov. 1 to April 30.

Atmos has proposed to use customers' LEAP assistance to offset the difference between the low-income and standard rates on the households, and make up the remaining gap from the reduced rates by upping a meters charge to the rest of its customer base. Those charges range from 85 cents a month on residential bills to \$12 a month for commercial bills. In all, the increased meters charges would raise \$2.76 million, which would more than pay for the program.

Local LEAP officials believe Atmos' rate plan, based off of Xcel Energy's low-income rate plan that begin in January, will be beneficial. They've watched

LEAP applications and benefits rise in the last couple of years. In the 2008-09 heating season, for example, there were 5,397 total applications, but only 4,100 were approved. The year before, there were 4,444 applications and 3,384 approved.

"(The rate) is definitely going to be needed, because even with the \$900 benefit, there are a lot of families who are not able to cover their entire utility bills," said John Kruse, assistant payments administrator with Weld County Department of Human Services.





Greeley Tribune
Greeley, CO
Circ. 25593
From Page:
10A
9/14/2009
144149



Arnold said low-income residents used to be able to catch up on high winter heating bills in the summer, when energy costs were low.

“Over the last five to six years, that whole pattern has completely changed,” Arnold said. “Winter bills have been so high, there’s no chance of them catching up.”

Many times families get so far behind, they end up owing upward of \$3,000, even with the LEAP benefit, said Shari Armstrong, LEAP manager for the Weld Department of Human Services. The Atmos plan also proposes those low-income customers with unpaid bills pay 1 percent of their household income toward those bills.

Arnold said that according to a University of Colorado Health Sciences Center study, inability to pay for home

energy was the second leading cause of homelessness in Colorado.

And while other customers are slated to pay the costs of the program, they’re paying anyway in higher rates, just as it is with health insurance rates.

“Some families’ bills are written off to bad debt, and that is directly passed through to everyone else,” Arnold said. “The same is the case with the cost of money. It takes low-income customers longer to pay their bills, and the short-term borrowing Atmos has to do is higher because of that.”

In Weld County, the need for energy assistance will grow, Armstrong said.

“We’re expecting more this year, especially with the economy and the unemployment rate going up,” Armstrong said. “(The Atmos plan) sounds very encouraging.”





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 Circ. 25593
 From Page:
 10A
 9/14/2009
 144149



THE RATES

Low-income rates will be based on the federal poverty rate. For a family of four, the poverty level is \$22,050. Low Income Energy Assistance Program qualifies people at 185 percent of the poverty level, which for this family of four would be \$40,792 a year. Those families would get a maximum benefit of \$900 during a heating season, but the average benefit came in at \$573 per family last year.

Atmos Energy is proposing that families of four at anywhere from 75 percent to 175 percent of the poverty level receive a low-income rate on their natural gas bills — 2 percent for the poorest, 3 percent for a second tier and 4 percent of their incomes for those from 125 percent to 175 percent of poverty.

Here's how it breaks down for that family of four:

Tiers	Annual income	Annual bill	Monthly bill
2 percent	\$16,537 (75% of poverty)	\$331	\$28
3 percent	\$16,758 (76% of poverty)	\$503	\$42
	\$27,562 (125% of poverty)	\$827	\$69
4 percent	\$27,783 (126% of poverty)	\$1,111	\$93
	\$38,587 (175% of poverty)	\$1,543	\$129

* For a full 12 months, based on the levelized billing program, which averages annual usage and divides payments equally into monthly installments.

YOUR TWO CENTS

The public comment hearings for Atmos Energy's proposed base rate increase will be from 4-6 p.m. Tuesday in the Weld County Centennial Center, 915 10th St. in Greeley. The company wants to increase the base rate residents pay by \$5 a month, or 9 percent, and hopes to increase its allowable income by \$3.9 million a year. The increases would result in an average residential bill of \$56.64 a month, an average commercial bill of \$273.54 (a 3 percent increase) and an average irrigation bill of \$349.45 (a 5 percent increase).

Base rates are different than commodity costs, which are expected to decrease in October.

The company also wants to:

- » Establish a fixed rate for all of its customers across the state.
- » Establish an annual customer rate stabilization formula in place of the periodic traditional rate cases the company currently uses. This yearly financial review would provide automatic adjustments to rates to a level that would allow Atmos to earn its authorized rate of return.
- » Collect a greater percentage of fixed costs through the monthly facilities fee.

Those who cannot attend the hearing can send their comments to the PUC, 1560 Broadway, Suite 250, Denver, CO 80202, or submit them electronically via the PUC Web site, www.dora.state.co.us/puc. Comments should be addressed to Docket No. 09AL-507G and should be received by Nov. 6.