

Colorado
Consumers
For
affordable
energy

Statement of Bishop Phillip Porter
Opposing Colorado House Bill 1323
April 7, 2009

House Committee on Transportation and Energy

Madam Chair and Members of the Committee, my name is Phillip H. Porter, Jr., Bishop with the Church of God in Christ and founder of All Nations Pentecostal Center Church of God and Christ in Aurora. I am testifying today in opposition to House Bill 1323.

A little over a year ago, Energy Outreach Colorado issued a report that indicated that 22 percent of Colorado's households are low income and qualify for energy assistance. The report stated that, **"on average, low income families in Colorado are spending 20 cents out of every dollar they earn on energy, leaving less for food, shelter and health care. The most vulnerable families are spending half their very limited income on home energy."**

The "Self Sufficiency Standard for Colorado 2008" report by the Colorado Fiscal Policy Institute, which included utility costs in their survey, indicates that one in five Colorado residents, (43% of Latino Households and 29% of African American households) earns less than the amount needed to cover basic needs.

Members of the Committee, I bring up these statistics for this reason: This legislation, while well-intentioned, will result in higher costs to consumers, which in turn will hurt low-income consumers the most. I find this unconscionable and indefensible.

I support the basic intent of this legislation, which has a goal of reducing energy consumption where possible. Of course, if this approach actually resulted in lower overall utility bills for consumers – and low-income families in particular – I would strongly support that goal.

But I hope you will be able to answer how that is actually achieved by mandating that a utility FORCE energy conservation on its customers. This bill does not seem to provide any incentives for consumers to reduce their energy usage. Rather, it simply says to the utility:

“Thou shalt achieve greater conservation by wringing it out of your customers or thou must payeth the Governor’s Office of Energy Conservation a million dollars to spend as they see fit.:

Aside from the fact that this approach strikes me as a bit of government extortion, can the committee quantify exactly how this will encourage consumers to respond positively and reduce their energy usage?

Or are you simply making the utility force upon consumers energy conservation measures?

If consumers can’t or won’t comply with whatever program is imposed, what will the state require of the utility? Will the utility be forced to turn off or ramp back the power it provides to consumers in order to reduce consumption?

Are you talking about forcing rolling brownouts or blackouts onto consumers in order to achieve what the government believes is an appropriate level of energy usage?

I understand a little about economics. Our church building has fixed costs. If we have to make the building colder to comply with energy conservation mandates, less people will come to church and we will receive less in donations from our parishioners.

Now, I still have to pay the bills so this will cost us more. Those higher costs will negatively impact my parishioners.

If the utility has to raise its rates to cover their increased fixed costs, how will you guarantee to consumers that our bills will actually go down?

The fact is that nothing in this legislation protects me, my church or low income consumers from experiencing higher energy costs.

I see the bill requires a set-aside by the utility of 10 percent of its energy conservation program spending toward low-income consumers. I understand your intent behind this set-aside. But it also strikes me as a bit paternalistic. It isn't an incentive to take action, but another government program that someone has to pay for.

As an advocate for low-income folks over much of the past 50 years, I can tell you that this approach doesn't work very well.

In sum, I know that people generally don't respond well to government mandates. If you want people to conserve energy, give them incentives to do so. Requiring a utility to reduce consumption, without providing incentives of their customers to do so, could lead to energy cutoffs. And that could have real and very dangerous consequences to people – including, I'm sure, to some of your constituents.

Energy conservation is generally a good idea. But if this bill forces low-income consumers pick up the tab for what the utility will have to charge to cover their existing costs, then we need to start over and re-think our approach here. People want to do the right thing, and almost always only need a bit of economic encouragement. What they don't need is government forcing them to change their behavior. Low income people want a leg up, not to be forced on yet another government handout program. I urge the Committee to vote NO on this bill.

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10/27/08 R M N

Cold fact: utility shut-offs up

Nonpayment rates climb as people face tough times

By Michael Hill
ASSOCIATED PRESS

COHOES, N.Y. — The number of Americans whose electricity or gas has been shut off for nonpayment of their bills is up sharply in many parts of the country as people struggle to cope with higher prices and a shaky economy.

Shut-offs have been running 17 percent higher than last year among customers of New York state's major utilities, and 22 percent higher in economically hard-hit Michigan. They are up in all or part of dozens of other

states, including Pennsylvania, Florida and California, according to an Associated Press check of regulators and energy companies.

Despite stepped-up efforts by state and federal governments, utilities and private groups to help people avoid shut-offs this winter, some worry the problem will only get worse in the coming months, particularly with the downturn on Wall Street.

"I just didn't have the money to pay," said Marie Williams, a single mother raising four daughters in Cohoes, N.Y., a former mill city on the Hudson River. "Rent had to be paid, and food for the girls."

Williams' power was cut off for a week, forcing her girls to do homework by candlelight. She became one of 230,000 residential customers of New York's 10 ma-

In Colorado

■ **Shut-offs:** Xcel Energy expects gas and electric shut-offs to jump 35 percent this year to 72,000 from 53,227 in 2007.

■ **Write-offs:** The utility, which serves 1.7 million customers, wrote off \$28.4 million in unpaid bills in 2007, and \$10 million in the first six months of this year. The write-offs are rolled into rates that Xcel charges the rest of its paying customers.

for utilities to have their service cut for nonpayment through August of this year.

At the same time, people who rely on heating oil instead of gas or electricity to warm their homes are pleading for relief from high fuel prices.

Southern California Edison Co., with 4.5 million residential electric customers, reported residential terminations were up 10 percent through August of this year to 228,000; Westar Energy Inc. of Topeka, Kan., said it saw a 19.5 percent increase in residential shut-offs over the same period. Tampa Electric Co. reported a 19 percent climb in disconnect orders through June for residential and commercial customers.

Michigan regulators reported a 7 percent increase in residential natural gas shut-offs through June and a 39 percent rise in residential electricity terminations.

Utilities, by policy and regulation, cut the power only as a last resort, and generally only after customers have run up hundreds of dollars in past-due bills. Many utilities instead offer extensions and payment arrangements.