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Many Without Gas Service

Up to 30,000 homes disconnected in city

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Many thousands of Chicago households are disconnected from Peoples Gas just as high natural gas costs almost guarantee an expensive winter heating season.

Peoples spokesman Rod Sierra, speaking at a hearing Tuesday before four Chicago-area members of Congress, said as many as 30,000 city households are disconnected from the utility, and another 14,000 households are so far behind on their gas bills that they are eligible for disconnection. He said those numbers include people who have simply walked away from their utility bills.

"We are doing all we can to reach out to those customers," Sierra said. But he and other industry officials conceded there is not enough money to help low-income gas customers through the winter.

The hearing was held by House Democrats Jan Schakowsky, Bobby Rush, Dan Lipinski and Danny Davis. They are concerned that record-high natural gas costs will hurt low- and moderate-income households this winter.

"We know this crisis is coming," Schakowsky said, while Lipinski predicted that "seniors will be forced to choose between heat and medication."

In an agreement announced Tuesday by the governor's office, the state's gas utilities--Peoples, Nicor Inc. and Ameren Corp.--will waive reconnection fees and suspend deposit requirements for customers receiving heating-bill help through the Low Income Home Energy Assistance Program.

The utilities will allow customers with account balances that are too high to be covered by a program grant alone, but less than \$3,000, to have their service restored by paying \$250, or 20 percent, of their balance, whichever is less

But the representatives got little comfort from Ed Hurley, the newly appointed Illinois special director of emergency energy assistance. Hurley's job is to coordinate home-heating assistance offered by various state agencies.

"The average Illinois household will pay about \$600 more to heat their homes this year than last

year," said Hurley, former chairman of the Illinois Commerce Commission.

A variety of factors have pushed natural gas to record highs this year. Hurricanes Katrina and Rita curtailed gas production in the Gulf of Mexico, while demand continues to rise.

One speaker, Illinois Commerce Commissioner Robert Lieberman, said that nearly all electrical generation plants built in recent years are fueled with natural gas. That means that gas, once cheap in the summer, now is expensive year round.

"We have doubled the amount of gas we use" for electrical generation, Lieberman said.

The Citizens Utility Board and others at the meeting urged residential consumers to go on their utility's budget plan.

All of the state's gas utilities offer plans in which a customer pays the same amount each month. Although the annual total is the same as a fluctuating bill, the fixed bill avoids the sky-high bills of January and February and allows people to better budget their money.

Schakowsky wasn't convinced that a budget plan is the answer. She said the budget plan for her home called for payments of more than \$400 a month.

"I don't find that suggestion helpful," she said.

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