

California Takes Steps To Prevent Utility Shutoffs

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California became the latest state to restrict utility shutoffs this winter, fearing that many consumers won't be able to afford skyrocketing natural-gas costs for heating.

Under the rules approved yesterday by the California Public Utilities Commission, gas utilities can't terminate service to customers who pay at least half their monthly billed amounts and who agree to deferred-payment plans.

The California commission also made 500,000 more households eligible to participate in discount programs, citing studies that show more households slipping into poverty and unable to afford costlier energy. For example, a family of four with an income of \$39,200 or less will qualify for discounts under the Californians Alternative Rates for Energy program, compared with the previous eligibility limit of about \$34,000.

Although the coldest states have imposed restrictions on winter shutoffs for years, such measures are new in states like California, where most of the population lives in temperate climate zones and where winter heating costs haven't represented much of a hardship historically. That changed this year with gas costs up as much as 70% from a year ago.

Although many states are trying to do more to help poor households, some blanch at the fact that it means costs not paid by some consumers must be borne by others. In California's case, millions of dollars in gas costs will be redistributed to people who pay their bills in full, equivalent to a rate increase of about half a percentage point.

Last week, the Michigan Public Service Commission passed rules that give consumers more days to pay their bills and make it harder for utilities to shut off power to poor, elderly customers.

Other states that have moved to beef up protections and offer more financial assistance include Georgia, Indiana, Montana, New Mexico, Ohio and Wisconsin. Earlier this week, Montana ordered one of its utilities to increase the natural-gas discount it makes available to poor households to 30% from 15%.

Despite such efforts, consumer advocates said the "energy burden" on U.S. households continues to rise because the subsidies aren't big enough, and don't spread far enough to nullify the effect of higher prices. A big rise in gasoline prices, year-to-year, also is straining many budgets, as are rising electricity prices.