



EXHIBIT 18  
DATE 2-18-05  
HB HB 141

TO: Chairman Alan Olson and Members of the House Federal Relations, Energy and Telecommunications Committee

FROM: Jacalyn Boyle, AARP Montana

RE: Opposition to HB 141

AARP opposes HB 141. AARP was very active in attending the Energy and Telecommunications Interim Committee meetings and testified on this issue at every opportunity. We worked closely with legislative staff to both provide and receive information on the program. However, we have many concerns with the bill that came out of the Interim Committee and is now before you.

The first section begins by describing the annual funding rate for USB. Subsection 3(a) and (b) suggest using the previous year revenue to determine rate. We are in support of making the revenue year more current. However, it also reduces the percentage from 2.4% down to 1.91% for cooperative utilities and 2.19% for public utilities. The utilities claim this will keep funding of the programs revenue neutral and the only way they will support the bill. That must also mean that the revenue year is now fixed at 2005. Otherwise, the program would only be revenue neutral for 2006, but they would have to increase the funding beginning in 2007. Why shouldn't they increase the funding for this program?

Deregulation has created many terrible consequences for consumers all over this state. In a recent survey of AARP members all over the state, 70% believed that deregulation hurt them. Fortunately, deregulation did have one good component and that is the universal system benefits program. Universal system benefits programs helps people of all incomes throughout Montana. People in poverty are helped through bill assistance and weatherization, middle and upper income people are given energy audits and rebates on energy efficient appliances. And everyone is able to fund development of clean, reliable, renewable energy. For the cost, universal system benefits programs are really an advantage for everyone.

Because we feel the low-income component of this bill is so vital, we cannot be in support of only increasing the low-income allocation by public utilities to 25% and keeping the cooperatives at 17%. This simply keeps things at status quo. This winter, with the increase in energy costs, we must increase the help to low-income Montanans. And bill discounts are simply not enough. The long term solution of weatherization is a key component. Many people in poverty, own or rent homes that have poor insulation, old appliances, like refrigerators that consume a large amount of energy, and bad heating systems. Many elderly Montanans live in their same homes for many years and now in retirement and living on fixed incomes, their healthcare costs are too high to allow them

to invest in home improvements. Their energy burden is a product of their environment, not of their lifestyle.

Finally, we do support Section 3 regarding reporting requirements. We think it is crucial to ensure that all utilities and large customers are operating this program correctly. Reports also allow the public to monitor USB programs progress throughout the state. In fact, we would encourage expanding this section to include a requirement that reports requested have enough information to be understandable by the general public.

As members of House Energy Committee, you now represent all of Montana on this issue. Simple reform is needed to keep the program meaning for people. As the Department of Public Health and Human Services may tell you, federal energy assistance funds are at risk and this is the only program to take its place.

Thank you for this opportunity to again provide testimony before our elected officials on this program. I will be happy to answer any of your questions.



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***What are Montana AARP members saying about energy?***

In a survey of our members taken at the end of 2004:

- Most Montana members (85%) said their energy bills have gone up, and they believe that electrical deregulation has hurt consumers like them (70%).
- Almost 9 in 10 said their energy bill has gone up in the past three years.
- When asked about personal concerns, *affordable energy services* was among the top four issues of *extreme concern* to surveyed members.
- Over 4 in 10 (43%) find it to be difficult to pay their energy bills.
- Most Montana members (77%) said that *affordable energy services and rates* were a top or high priority for legislative action this year.

## *Why Montanans need to reform the Energy Assistance Program...*

### *What is our energy assistance program?*

As part of deregulation in 1997, a “universal systems benefits program (USB)” was established to maintain funding for public benefit programs related to energy (low income bill assistance, weatherization, conservation and renewable resource projects, market transformation and research and development). The USB program was part of the transition from a regulated energy market to a deregulated one, but has remained the primary source of funding for these important public purposes.

### *Why is reform needed?*

With the significant increases in energy costs over the last two winters, most low income households in our state, and many middle income households are facing a “kitchen table crisis” making **critical choices between eating, heating and medicines.**

The State estimates that there are 80,000 households that are eligible for the federal program (LIEAP) and therefore eligible for USB assistance... **but about 60,000 of these eligible households have not applied for assistance.**

Energy economists estimate that low and fixed income households are paying about 33% of their monthly income on energy bills. Add the 33% that these same folks are paying for out-of-pocket healthcare and Rx costs, and little is left for food, property taxes, home care, gasoline, etc.

### *What does AARP Montana hope will come through legislative reform?*

- ✓ Provide more assistance to more households, revisiting special arrangements, and increasing the number of households eligible for assistance.
- ✓ Creating a statewide public energy assistance program to provide fair and comparable assistance across the state, across providers.
- ✓ Clarify the Public Service Commission’s authority to monitor energy needs, and set natural gas USB rates.
- ✓ Clarify all energy providers’ and energy users’ low income assistance obligation.
- ✓ Raise USB funds dedicated to low income assistance from 17%-30%.
- ✓ Strengthen and clarify accountability, planning and reporting on spending USB funds.

*By making these reforms, we want to increase the funds available to  
USB’s beneficial programs  
without increasing the amount customers pay into the program.*

	Total Households all Income Levels	Total Households @ or Below 150% of Poverty*	Approved LIEAP Households - PY2004*	Approved LIEAP Senior Citizen Households - PY2004*
1 BEAVERHEAD	3,679	1,108	218	57
2 BIGHORN	3,910	1,531	486	114
3 BLAINE	2,531	962	132	39
4 BROADWATER	1,747	395	158	45
5 CARBON	4,067	962	159	50
6 CARTER	547	171	16	10
7 CASCADE	32,633	8,028	1,507	388
8 CHOUTEAU	2,240	625	105	31
9 CUSTER	4,778	1,391	194	69
10 DANIELS	897	259	22	12
11 DAWSON	3,619	1,026	154	51
12 DEER LODGE	4,018	1,109	339	71
13 FALLON	1,126	283	22	15
14 FERGUS	4,860	1,274	265	90
15 FLATHEAD	29,694	7,021	1,238	389
16 GALLATIN	26,357	5,687	741	113
17 GARFIELD	533	191	12	7
18 GLACIER	4,313	1,733	111	39
19 G. VALLEY	380	107	25	10
20 GRANITE	1,201	343	87	29
21 HILL	6,457	1,810	522	70
22 JEFFERSON	3,741	708	217	55
23 J. BASIN	951	251	47	16
24 LAKE	10,233	3,199	449	159
25 LEWIS & CLARK	22,855	4,482	1,554	243
26 LIBERTY	829	207	23	11
27 LINCOLN	7,788	2,606	883	266
28 MADISON	2,958	773	123	52
29 MCCONE	809	230	24	12
30 MEAGHER	807	240	70	36
31 MINERAL	1,592	486	189	50
32 MISSOULA	38,493	9,968	1,983	294
33 MUSSELSHELL	1,865	583	183	55
34 PARK	6,820	1,780	347	78
35 PETROLEUM	209	87	12	8
36 PHILLIPS	1,844	532	101	58
37 PONDERA	2,414	671	162	49
38 P. RIVER	739	208	21	12
39 POWELL	2,433	537	177	55
40 PRAIRIE	537	153	32	15
41 RAVALLI	14,259	3,556	804	238
42 RICHLAND	3,894	937	146	55
43 ROOSEVELT	3,608	1,478	49	22
44 ROSEBUD	3,282	924	64	25
45 SANDERS	4,276	1,436	277	109
46 SHERIDAN	1,748	428	71	30
47 SILVER BOW	14,465	3,766	1,553	308
48 STILLWATER	3,209	567	97	34
49 SWEET GRASS	1,477	304	50	19
50 TETON	2,518	662	137	46
51 TOOLE	1,971	536	86	33
52 TREASURE	363	109	11	8
53 VALLEY	3,143	817	95	47
54 WHEATLAND	835	251	53	23
55 WIBAUX	425	142	15	9
56 YELLOWSTONE	52,113	11,159	2,507	503
STATEWIDE TOTALS	359,070	90,789	19,125	4,732

\* Please note that LIEAP figures do not include households qualified by Tribal LIEAP offices. Estimates of households at or below 150% of poverty do include reservation households.