Senate Energy & Telecomm.Comm.
Exhibit No. 15
Date 2.8.05
Bill No. SB 34, 307, 371, 36

General Introduction

Mr. Chair, members of the Committee, my name is Rachel Haberman and I'm here on behalf of Energy Share of Montana. Energy Share is a private nonprofit organization that helps low-income Montanans with their emergency heating needs. We've been in existence since 1982 and since that time have helped over 23,300 Montana households with nearly 6.7 million dollars. We have always worked closely with the LIEAP and weatherization programs. Statewide, Montana's low-income energy assistance programs have a very coordinated approach to helping Montana families keep their heat on during our cold winters.

SB34 (Senator Cobb)
We are here in support of SB34. As you can see from the handout, the number of poor families in Montana has increased significantly in the last ten years. As you've probably noticed as well, energy costs in Montana have risen dramatically.

We support Senator Cobb's bill because it does two things that benefit Montana's poor:
1. Keeps USB alive at least until 2009; and
2. Increases the amount of funding available for low-income energy programs.

Just as important, it accomplishes these two objectives without disadvantaging any of the other partners in the USB mechanism. USB has been successful these past years because everyone with a stake in the process has been involved. That includes the last two years when the Energy and Telecommunication Interim Committee produced a bill, HB 141, with input from all the parties who have a stake in the process. We were involved in that bill and like it as well, because in addition to the improvements in Senator Cobb's bill, it brings the funding base more current without creating too much conflict in the process. However, if HB 141 fails for some reason, Senator Cobb's bill would be a reasonable backup.

SB307 (Senator Toole)

We cannot support SB307 for a few reasons:

1. It makes significant changes to gas USB by lowering the amount of gas USB that goes to low-income from .42% of the previous year's revenue to 60% of the annual USB charge.

   "a natural gas utility's annual funding requirement for low-income weatherization and low-income energy bill assistance is established at ~~0.42%~~ 60% of a natural gas utility's total annual ~~revenue~~ universal system benefits charge."

   As we see it, low-income gas USB is diminished by this approach at a time when gas bills are nearly double.

2. This bill also takes away the large customer's opportunity to designate where it would like it's low-income expenditures to go and requires those funds go to the utility to fund the utility's low-income programs. Large electric customers have been very generous to Energy

Share since the beginning of USB, demonstrating good collaboration with helping low-income energy assistance providers. The way we read this bill, they would no longer be able to make a donation to Energy Share but would instead have to remit 30% of their USB credit to their utility, with no say over how those funds would be used.

3. Finally, we cannot support this bill because it was developed without the input of the low-income energy assistance providers and it disadvantages large electric customers and electric cooperatives, organizations that have been good partners with Energy Share in our mission to help as many Montana families as possible avoid energy emergencies.

HB141 was developed over the interim with a great deal of public input before the Energy and Telecommunications Interim Committee, and we think that approach and process is a much more reasoned way to fine tune universal system benefits going forward.

SB371 (Senator Harrington)

SB371 does a couple of things we think will result in less USB funding for low-income families in emergency situations and for that reason we oppose this bill:

1. It takes away the large customer's opportunity to designate where it would like it's low-income expenditures to go and requires those funds go to the utility to fund the utility's low-income programs. Large electric customers have been very generous to Energy Share since the beginning of USB, demonstrating good collaboration with low-income energy assistance providers. The way we read this bill, they would no longer be able to make a donation to Energy Share but would instead have to remit 30% of their USB credit to their utility, with no say over how those funds will be used. For many companies that means sending the money to NWE instead of donating those funds to Energy Share and requesting they remain in their local area.

2. This bill doesn't correct the discrepancy in the annual USB funding base between gas and electric USB funds. Gas USB stays dynamic by using last year's revenues, while this bill leaves the electric USB rate base at 1995 revenues. We'd all like to go back to 1995 prices on our bills, but we can't meet 2005 utility bills of the poor in Montana using a 1995 revenue base. And even though this bill raises the low-income minimum from 17% to 30%, even with that in our estimation leaving the funding level based on 1995 revenues will not increase monies for low-income, and we all know the need for low-income energy assistance has risen dramatically with the increase in energy costs. Revenue for electric USB needs to be based on the prior year's revenue, just like gas USB.

3. Similar to SB307, this bill was developed without the input of the low-income energy assistance providers and it disadvantages large electric customers and electric cooperatives, organizations that have been good partners with Energy Share in our mission to help as many Montana families as possible avoid energy emergencies.

4. Finally, it narrows the restriction on who we can help with USB funds. Right now we can help people with annualized incomes at or below 150% of poverty and documented exceptions. For example, we may get someone applying for Energy Share whose annualized income is

just above 150% of poverty but who really needs the assistance. We are running into this situation more often now with the higher energy bills because even people above 150% of poverty can't keep up with their bills. An example would be a senior citizen on a fixed income. Sometimes "fixed income" doesn't mean they are under 150% or even 175% of poverty, but they are barely making it from month to month. An extra prescription that's only needed temporarily can necessitate a decision between paying their living expenses or paying for the prescription.

Another type of situation we run into a lot is someone who was seriously injured on the job and became disabled, but is waiting for their disability to be approved. These people had a job so they don't meet the income criteria, but they also can't pay their bill unless they get some extra help. The language in this bill takes away that flexibility and would leave a number of senior citizens and others out in the cold every year.

When Energy Share looks at these exceptions, by the way, they don't happen all that often and they aren't bureaucratic decisions made by someone in Helena. Rather, we have very qualified volunteer local committees who examine every situation and make these decisions within contractual guidelines. Energy Share has successfully complemented the LIEAP program since 1982 using this model, and we have found the one-size-fits-all approach doesn't always work as well in Montana as it might in other states.

Overall we think HB 141 is a more reasoned solution to the USB issue. It's an approach that had two years of study by the Energy and Telecommunications Interim Committee with ample opportunity for public input. For these reasons we oppose SB371.

SB365 (Senator Ellingson)

Energy Share is opposed to SB365. We think it's a good thing to extend the USB termination date to 2009, but it's not enough.

If this bill were our only choice on USB, we would accept it. But energy prices are too high and the poor are too many to merely extend the termination date. We need to do more. We'd like to see the major points in HB 141 amended into this bill and for that reason we are an opponent of the bill in it's present form.