

TESTIMONY OF BOB VONDRASEK
ON BEHALF OF SOUTH AUSTIN COALITION COMMUNITY COUNCIL
AND COMMUNITY ACTION FOR FAIR UTILITY PRACTICE
DOCKET NO. 05-0237

Q1 Please state your name and address.

A1 My name is Bob Vondrasek. I am the Executive Director of the South Austin Coalition Community Council. My business address is 342 South Laramie, Chicago, Illinois 60644.

Q2 Please set out your educational background.

A2 I received a Bachelor of Arts Degree from Notre Dame University, graduating cum laude. I took graduate courses in English at Loyola University. I am a graduate of the Organizer Field Placement Training Program at Syracuse University.

Q3 Describe your professional experience.

A3 I have organized in low-income communities in New York State and Chicago for the past forty years. For the last twenty-seven years, I have been the Executive Director of the South Austin Coalition Community Council. From 1965 to 1978, I was based in Syracuse, New York, organizing for the Syracuse Community Action Training Center, the Syracuse Community Development Association, and the New York State Tenant & Neighborhood Coalition. My organizing career in Chicago began in 1964 with the Pilsen Neighbors Community Council under an Eleanor Roosevelt Internship with the National Association of Intergroup Relations Officials.

Q4 Please state what South Austin Coalition Community Council (SACCC) is and what it does.

A4 The South Austin Coalition Community Council is a grass-roots, multi-issue neighborhood organization. For the past twenty-eight years SACCC has been a leading force in the Austin community in terms of promoting citizen participation and neighborhood improvement. SACCC brings together block clubs, tenant councils, parent and civic groups, and churches to take collective action on community issues including housing, jobs, education, community safety, youth, health, seniors, and utilities. Over 4,000 residents participate in one or more SACCC activities or programs during the course of the year - for SACCC,

participation is synonymous with membership. SACCC is a not-for profit corporation incorporated in the State of Illinois and tax-exempt under Section 501(c)(3) of the Internal Revenue Code.

Q5 Please elaborate on SACCC's activities regarding utilities.

A5 No issue has been more important to the SACCC organization and Austin residents over the years than affordable energy for low-income utility customers. In the 1970's, SACCC leaders were involved in national and state campaigns that successfully won moratoriums to stop heat shutoffs during the winter months. In the 1980's, SACCC spearheaded a successful campaign for a statewide percentage of income payment plan. This plan was adopted by the State of Illinois as law in 1985 until it was eliminated by the Edgar administration budget cuts in 1991. While it existed, the plan did much to reduce shutoffs for low-income households. During the 70s, 80s and 90s, SACCC participated in a number of ratemaking and rulemaking proceedings before the Illinois Commerce Commission. In 1997, SACCC led community-based participation and partnered with Edison, the Citizens Utility Board, and IBEW, in gaining passage of the State of Illinois Electricity Restructuring Act. SACCC's strong support was based on the inclusion in the legislation of a monthly meter charge from all utility customers that currently generates \$76 million annually (in addition to federal LIHEAP money) for low-income energy assistance in Illinois.

SACCC's advocacy on utilities is three tiered: (1) Advocacy for low-income utility customers on an individual and group basis. SACCC staff and volunteers provide year round advocacy and troubleshooting for westside and low-income utility customers with Edison and Peoples Gas in negotiating deferred payment plans, reconnections, meter readings, name changes, medical extensions, etc. Since 1985, SACCC has also held group reconnection days in collaboration with Peoples Gas to restore heating service for the winter for customers with very large bills. SACCC advocacy efforts assist over 1,500 households each year. SACCC, as do many Community Based Organizations in Chicago, also conducts a high-volume intake site for the Low Income Energy Assistance Program ("LIHEAP") under the auspices of the Illinois Department of Public Aid.

(2) Development of additional resources, programs and funds for low-income utility customers. In addition to the \$76 million annual fund

mentioned previously, SACCC has worked over the years to press for more energy assistance from the federal LIHEAP program and the summer emergency cooling program. SACCC has also helped create or partner on a number of demonstration projects, including A Hand Up and the CARE programs with Peoples Gas, the CLEAR program and the Repair and Conservation Program with Edison, and more recently a cost saving special meter installation program with the Center for Neighborhood Technology. Since 1985, SACCC staff and volunteers have also been a site for LIHEAP applications intake, first with the Chicago Department of Human Services and since 1991 with the Community Economic Development Association of Cook County. Applications are taken for energy assistance, weatherization, emergency furnaces and emergency cooling help on light bills and fans and air-conditioners when available. SACCC processes over 3500 LIHEAP applications a year, including over 1000 Emergency Service applications from disconnected customers.

(3) Policy, legislation and regulation. Activities in this area include participation in rate cases, participation in rulemaking and legislative actions that determine customer service rules, and advocating for rules under which various state and federal programs operate. As part of this effort, SACCC and members of SACCC have served on a variety of boards and committees, both in an advisory and a decision-making capacity that attempt to deal systematically with utility and energy issues. Currently, I serve on the statewide Policy Advisory Committee for the LIHEAP program.

Q6 Please describe your work for SACCC.

A6 My duties as Executive Director include fund-raising and supervising staff, as well as specific organization and issue committee responsibilities, including staffing the SACCC Utilities Committee since 1982. Four senior advocates, our housing staff person and I are all involved in day-to-day utility advocacy. This work includes individual advocacy, application taking and organizing on policy and legislative campaigns.

Q7 Are you familiar with the rules governing dealings between utility companies and consumers referred to as General Order 280 or 83 Ill.Admin.Code Part 280?

A7 Yes, I am. Those rules come into play just about every day with our advocacy efforts and our work as a LIHEAP outpost. Our interactions with utilities and the Illinois Commerce Commission on behalf of individuals involves referring to and using the provisions of General Order 280 constantly.

Q8 In your opinion, does General Order 280, as it exists, adequately protect the public health, safety and welfare of low-income households?

A8 It most assuredly does not. General Order 280 is broken and needs to be fixed. What I say is not the least bit controversial or in dispute. In 1984, SACCC was among the petitioners in a request to the Illinois Commerce Commission to establish a percentage of income payment plan. In its order of March 13, 1985, the Commission made a finding that "the evidence in the record shows the present rules, regulating deposits, past-due bills, deferred payment agreements, budget payment plans, discontinuance and reconnection of service do not meet the needs of low-income customers." The Commission's conclusion of 1985 is even more true today, 20 years later.

The main distinction between low-income consumers and other consumers is lack of money. The rules fail to recognize those differences. I am not saying, however, that low-income people should not pay their bills; SACCC advocates for greater utility subsidies for the low-income population but this affordability gap is not the basis for my saying General Order 280 needs to be fixed. A more rational system for utility-customer relationships would reduce disconnections and eliminate threats to health and safety, of course. But it would also increase payments and provide continuous service in ways that would not only help low-income households but also benefit the utility companies and ratepayers in general.

Q9 Have you read the testimony and recommendations of Barbara R. Alexander and John Howat?

A9 Yes, I have.

Q10 Do you support the changes they propose in General Order 280?

A10 Yes, I do. Their proposed changes would improve the rule. In addition, the changes would better protect the public health, safety and welfare

than does current General Order 280.

Q11 Please describe ways in which adoption of the proposals by Alexander and Howat would better protect the public health, safety and welfare.

A11 First, let me state that I support each and every change they recommend. While I will set out examples of how several specific proposals will better protect the health, safety and welfare of low-income households, I believe that there are similar good reasons for adopting each change supported by Alexander and Howat.

(a) People, unfortunately, often do not take action to address their utility problems until after they are disconnected. The main reason is that low-income households often operate from crisis to crisis. Current General Order 280 treats an applicant for service much more harshly than a current customer in terms of payment plans. Changing the definition of customer to include someone disconnected within the past 30 or 60 days would allow households to continue necessary utility service.

(b) A statement of reasons from the utility as to why it is denying service would allow more households to obtain utility service and with less difficulties for all involved: consumers, utilities, advocates and the Illinois Commerce Commission. It is in everyone's interests to clearly advise the household of what steps it needs to take to obtain or restore service. Sometimes all it takes is providing the utility with a document while other times service is connected only after using the LIHEAP Emergency Services program. Often, regrettably, an applicant who contacts SACCC is not clear why her request for service was denied. Having a written statement of reasons will assist the applicant, the applicant's advocates, the LIHEAP processing agency and the utility while keeping the burdens on everyone's time to a minimum.

(c) We have seen problems with the General Order's credit scoring and deposit provisions. Deposit demands have been made upon LIHEAP eligible households based solely on credit scoring. Everyone agrees this is inappropriate and, in fact, the current rule prohibits it. However, utility customer service reps sometimes press their deposit demands unless the customer is familiar enough with the rule to state they should not have to pay a deposit because they are LIHEAP eligible. Alexander's proposal that utility personnel inquire about LIHEAP eligibility before

requesting a deposit based on credit scoring would eliminate most of these bad situations.

(d) Deposits often are what stands in the way of a low-income household retaining or obtaining necessary utility service. Eliminating deposits for low-income customers would lead to a consistent source of utility service and benefit the public health, safety and welfare.

(e) Late payment charges are often, literally, the last straw for a low-income customer in the sense that they constitute the difference between retaining utility service and being disconnected. Late payment charges should be waived for low-income customers. In addition to being wildly excessive in the current economic environment (See Howat testimony at page 9; Alexander testimony at page 11), there is no good reason for assessing a late payment charge against a low-income customer. The theoretical incentive to pay on time by penalizing late payment is meaningless to low-income households whose payment decisions are not driven by that consideration.

(f) Each day, utility company representatives use less of the discretion given to them by General Order 280. This problem has been greatly exacerbated by the closing of Commonwealth Edison's and Peoples Gas' last customer service centers. Without face to face contacts, although it may also be a function of current practice in the utility industry, customer service reps use their discretion less and less. They typically automatically impose the maximums (or minimums as the case may be) allowed in General Order 280. This failure to look at an individual's circumstances violates the express intent of the General Order and certainly violates its spirit.

(g) John Howat's proposals regarding winter discontinuance of service and reconnection during that period upon payment of modest amounts might seem controversial. I do support the concept that customers should pay their bills. However, I also balance the hardship caused by not having utility service in the winter. Also, I expect that creation of rational payment plans will increase rather than decrease utility payments. Finally, the current cycle of disconnection followed by reconnection harms utilities as well as low-income customers.

(h) A large number of the payment plans entered into between low-income customers and utilities are doomed to failure. The amount the

household is forced to agree to pay is unrealistic in light of household resources. Payment plans that are affordable benefit all involved. The household retains necessary utility service. Households faced with unaffordable payment amounts often pay nothing while households with an affordable payment make it. The latter situation benefits the utilities and general ratepayers.

Q12 Does this conclude your testimony?

A12 Yes.