CC 96-45

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BEFORE THE FEDERAL COMMUNICATIONS COMMISSION

TESTIMONY OF BOB ROWE
COMMISSIONER

MONTANA PUBLIC SERVICE COMMISSION

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STATEMENT OF BOB ROWE
MONTANA PUBLIC SERVICE COMMISSIONER
Before the Federal-State Joint Board on Universal Service
CC Docket No. 96.45
April 12,1996

Mr. Chairman and Members of the Joint Board,

I am honored to appear before you today to address this crucial topic. More importantly, I appreciate the extraordinary efforts the Federal Communications Commission and the Joint Board are undertaking to conduct this inquiry openly, flexibly, and with maximum state participation. Your efforts are remarkable.[1]

My comments will first provide my particular perspective on low income issues. Second, I will encourage that low income concerns should first be addressed through a general effort to keep rates affordable and service adequate for all customers. Third, I will suggest that addressing basic questions of affordability and adequacy will lay the foundation for low income participation in advanced services. Fourth, I will advocate that targeted low income programs be designed to maximize effectiveness and participation. Finally, I will urge that the level of federal-state cooperation which has been achieved in initial implementation of the Telecommunications Act of 1996 be furthered through close cooperation and sharing of resources in ensuring that low income Americans fully participate in the benefits of affordable, adequate, and advanced telephony.

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[1]The views expressed are the author's and not those of the Montana Public Service Commission or the National Association of Regulatory Utility Commissioners. This presentation is not intended as comment on the correct outcome of any current or future proceeding before the Montana PSC.

I. WHILE TELECOMMUNICATIONS ARE INCREASINGLY VITAL TO ALLOW LOW INCOME AMERICANS TO PARTICIPATE IN THE ECONOMY AND SOCIETY, MANY AMERICANS ARE BEING LEFT BEHIND.

Before being elected to the Montana Public Service Commission, I was a Legal Services attorney, and also represented residential customers in public utility cases. As part of this proceeding, you are being presented important statistical evidence that significant portions of the population lack access to a phone, let alone a personal computer or modem. My experience before and since joining the Montana PSC is wholly consistent with these statistics.

Over the years, increasing numbers of my individual clients lacked a telephone. These included newly-impoverished spouse abuse victims, disabled veterans, displaced workers, AFDC mothers, American Indians, and a surprising number of senior citizens. My clients' lack of phone service hindered my ability to maintain client contact and represent them effectively. It also left clients increasingly unable to access other services which might have been able to help them. For example, the Social Security Administration and many state and local human services agencies responded to budget constraints by moving from in-person or walk-in service to all-telephone service with call backs. Clients frequently were unable to obtain services or had to restart application processes due to the lack of a phone. I frequently had clients come to my office in person to receive the particular agency's phone call.

After family, there may be nothing more important than a job, and a job may be crucial to keeping a family together. Particularly for entry-level employment, telephone service is essential. These jobs are almost inevitably filled through telephone calls to prospective employees; if the potential employee cannot be reached by phone, the employer or job counselor goes down the list to the next name. Based on testimony of this nature in a case concerning public benefits, the Montana Supreme Court identified the lack of a phone as a significant "barrier to employment." Butte Community Union v. Lewis, 745 P.2d 1128 (Mont. 1987).

My experience on the Montana Public Service Commission has confirmed my earlier impressions. I became particularly concerned with low penetration rates among on-reservation

American Indians. Attachment A is a June 1994 memo in which I reviewed 1990 census information for Montana counties and subdivisions and identified those entirely or partially located on reservations. While Montana's overall penetration level was acceptable, the aggregate masked very low penetration in Indian Country. Fifteen counties had penetration levels below ninety percent. Twenty-four towns had penetration below eighty percent, and twenty of these were on-reservation.

I was pleased that the National Telecommunications and Information Agency's outstanding report, Falling Through the Net (July 1995) specifically addressed American Indians, along with other rural and urban under-served groups. NTIA's contribution to this work continues to be important. I also appreciate NTIA's support for innovative projects in rural Montana.

Various studies and anecdotal evidence also indicate a correlation between lack of a phone and termination of other utility service. As telemedicine becomes more widespread, and as electronic government comes on-line access to basic phone service becomes more critical for effective participation in society. A telephone, PC or modem is also increasingly necessary for children and parents to participate in educational acitivites.

Elsewhere, I have argued that concepts of universal service are applicable to electricity and other utilities, as well as to phones, and that utilities should be viewed as part of a package of shelter-related expenses. Attachment B is an article I wrote for the National Regulatory Research Institute Quarterly Bulletin, "Addressing the Needs of Low- and Moderate Income Customers, A Regulator's View " (December 1994). Much of this discussion is equally applicable to telephones. To the extent significant segments of the population lack access to a basic but evolving package of telecommunications services, their ability to participate in society is diminished and the cohesiveness of our society is reduced.[2]

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[2]For a more extended discussion see Rowe, Consumer Information in Telephone Pricing, (National Consumer Law Center, December 1989), pp. 4-10.

II. LOW INCOME PARTICIPATION IS BEST ASSURED BY KEEPING RATES AFFORDABLE AND SERVICE ADEQUATE FOR ALL CUSTOMERS.

To the extent feasible, low income citizens should not be separated from other telephone customers. Targeted programs are necessary incremental steps to achieve universal service only after measures have been undertaken to ensure service is generally affordable and adequate. This priority is important because any targeted program will always fail to reach all eligible citizens, because it is often impossible to separate out the "low income" or otherwise targeted elements from the rest of the network, because special programs are inevitably candidates for budget reduction, and because targeting further isolates one group of citizens and divides them from other citizens. I do recognize strong efficiency arguments in favor of targeting certain benefits, which should prevail in many specific instances. However, narrowing eligibility often increases administrative and verification expenses, and raises the ratio of administration to program expenditures.[3]

It may be misleading to rely overly much on the term "low income." Many programs have eligibility levels as high as 125 or 150 percent of poverty. In Montana, over twenty percent of the population is at or below 125 percent of poverty. These are people of moderate and low income.

The Telecommunications Act sets high but achievable goals, both for universal service and for competition. The universal service provisions should be read first in their entirety rather than as unrelated parts.[4] I suggest the Joint Board first determine the cost of achieve the Act's

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[3]For example, the needs-based Supplemental Security Income program has considerably higher administration costs than do the more generally-available Social Security programs.

[4]Section 254(b)(3) states: "Consumers in all regions of the Nation, including low-income consumers and those in rural, insular, and high cost areas, should have access to telecommunications and information services, including interexchange services and advanced telecommunications and information services, that are reasonably comparable to those services provided in urban areas and that are available at rates that are reasonably comparable to rates

(continued...)

universal service goals. Then, if a funding constraint exists, consider ways to scale back the expenditure (for example, by setting the break point above average cost for fund eligibility).

Starting with a general emphasis on adequacy and affordability will address legitimate public concern about implications of the Act. Attachment C is a "Telecommunications Customers' Bill of Rights" I have suggested to address customers' hopes and concerns about increased competition. An emphasis on overall affordability could conceivably allow regulators and service providers to move fully to cost-based wholesale prices, while using federal and state universal service or high cost funds to keep end-use customers largely indifferent to wholesale price changes - and keep them connected to the network.

A general emphasis on affordability also argues against increasing the non-bypassable Subscriber Line Charge. An increase in the SLC will both harm penetration and increase public concern about implementation of the Act.[5] Instead, the Joint Board should consider assigning non-traffic sensitive costs to the inter-exchange carriers at a flat rate. To the extent robust inter-exchange competition exists, carriers will be incented to find creative ways to recover these costs.[6]

"Extended Area Service" provides a final example of why a general affordability and adequacy approach is an appropriate starting place. Rural America is often poor America. Local rates are as high or higher than in urban areas, but essential services and a reasonable community of interest are often located outside the local flat rate calling area. As has been well-documented,

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[4](...continued)
charged for similar services in urban areas." This creates an ambitious but coherent and integrated goal.

[5]It is reasonable to suggest a potential parallel to the storm of opposition among seniors to the Catastrophic Care amendments to the Medicare Act, triggered by implementation of the payment mechanism before the benefits were received, leading to repeal of the Catastrophic Care provisions.

[6]The consolidated initial comments of Maine and seven other states (including Montana) address the Subscriber Line Charge at pp. 14-18. The NARUC initial comments deal with the Subscriber Line Charge at pp. 13-18.

long distance toll.[7] The reverse is also true, excluding a reasonable community of interest from the local calling area reduces the value of the universal service package. One solution would be to explicitly include either numerical or community-of-interest criteria in the definition of universal service. A more ambitious but problematic approach might incorporate long distance calling and long distance carriers into the universal service pool.

III. ADDRESSING BASIC QUESTIONS OF AFFORDABILITY AND ADEQUACY OF SERVICE WILL LAY THE FOUNDATION FOR ENSURING LOW INCOME CITIZENS SHARE IN THE BENEFITS OF ADVANCED SERVICES.

Ultimately, we share the goal of having all citizens, rich and poor, rural and urban, connected to the network of networks.[8] In most visions, this involves high speed access to information networks via a personal computer or other networked terminal equipment. This cannot be accomplished until all citizens have a phone, have single party service, are served through a network with reliable outside plant and modern switching equipment, with sufficient capacity both on the network and from the network to the outside world. Rates for basic and higher-capacity services must be reasonable, and data networks must be accessible via a local phone call. Most importantly, there must be a local entity, public or private, which provides training and makes terminal equipment publicly available.[9]

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[7]Most recently, see NTIA's Reply Comments in CC Docket No. 95-115, pp. 11-17. See also, An Evolution of Universal Service in Texas (University of Texas, LBJ School of Public Affairs, September 1995), jointly sponsored by the Texas Public Utilities Commission.

[8]Some advanced networks require an independent source of electricity. With such a network design, a rural household which lacks power, or any household whose electric service has been disconnected will lack telephone access as well. This situation must be addressed in planning new networks.

[9]This demonstrates the connectedness between the low income and "schools and libraries" segments of the Act. A useful list of priorities for rural service is contained in Edwin Parker, et al., Electronic Byways (2d ed, 1995), Chapter 7.

I have recently been privileged to work in Lincoln County, Montana, a rugged rural area in the northwest corner of the state which has been hard-hit by declining natural resource employment, but with enormous natural beauty and a creative citizenry. You would not recognize most of its citizens as "poor people," but measured by income data Lincoln is a relatively poor county.

Over the past several years, I have taken a "community development" approach to working with the communities of Lincoln County and their new phone company, Citizens Tel. Together, we have prioritized investment in plant, addressed line extension problems in rugged terrain, eliminated multiple party lines and mileage charges, and are now working on "EAS" alternatives, improved rates and terms for data services, and expanded service offerings. As single line service becomes available, subscribership to the "Kootinet" increases. This effort has required a meshing of many varied interests. Particularly as to high-end services and affordable access to advanced services, the Lincoln County Technology Group is a key driver. It provides access, training, and vision. Citizens Tel also deserves recognition for working closely with Lincoln County and with the Montana PSC. The Lincoln County Technology Group is one of only a handful of such public-private partnerships nationwide. It is a model which we all should look to and support wherever possible.

IV. TARGETED LOW INCOME PROGRAMS SHOULD BE DESIGNED TO MAXIMIZE EFFECTIVENESS AND PARTICIPATION.

Targeted programs are essential once basic questions of affordability and adequacy of service are addressed. Many creative suggestions are developed in more detail by filing parties in the Subscribership Docket, CC No. 95-115. The following list does not address the important issue of coordinating federal and state duties. However, states are moving ahead smartly on many of these items.

A. **Automatic enrollment.**

Lifeline programs generally have low participation rates.[10] Many eligible customers are unaware that they exist.[11] Often, the primary source of information is overworked human services caseworkers who are expected to complete a myriad of tasks in the space of a brief interview. When accurate information is provided, it is often difficult for the eligible customer to follow up. Automatic enrollment has proven successful in New York and New Mexico, and is also successful for reduced electric rate programs in Montana and other states. Automatic enrollment requires mechanisms for sharing confidential information between state agencies and utilities, which can be accomplished with specific agreements and coordination of data between state agency case management programs and utility customer information systems. In addition to increasing participation, automatic enrollment reduces the verification responsibilities of utilities.

B. **Expanded eligibility.**

Eligibility should be based on participation in any needs-based program. Often, eligibility is restricted to recipients of one or two kinds of aid (Medicaid for example). Reductions in the triggering program then cause reductions in eligibility for Lifeline or similar programs.

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[10]An off-the-cuff penetration estimate could be made based on the number of households eligible for the triggering programs. For example, in Montana Lifeline eligibility is statutorily limited to Medicaid participants. There are about 26,000 Medicaid households in U S WEST's service territory. There are currently about 5,000 U S West households participating in the Montana Telephone Assistance Plan. This initial penetration estimate, about twenty percent, may need to be adjusted upward to allow for factors such as multiple recipients in one residence or residency in a nursing home or other institution where a private phone is not required. Under the most optimistic assumptions, penetration is low.

[11]"An Evolution of Universal Service in Texas (University of Texas, LBJ School of Public Affairs, September 1995).

C. **Correct payment amounts.**

A payment geared to waiving the Subscriber Line Charge plus an equal match is much better than nothing. However, there is no assurance that the amount is sufficient to keep most or all vulnerable customers connected. For discussion, an alternative approach might determine the percentage of household income an average family devotes to calling a reasonable community of interest. A payment plan could be designed to bring participating families close to that percentage. A possible model exists in various electricity "percentage of income" plans. Such an approach would raise not-insoluble administrative concerns.

D. **Address high mobility.**

For a variety of reasons, the poor move more frequently than do others. Often, moves are triggered by high shelter-related costs in an existing residence. Ironically, the move itself may trigger additional costs which exacerbate the payment difficulty. Such a household will be hard pressed to reconnect to the phone network without Link Up assistance. In these instances, limits on the frequency with which assistance may be obtained should be re-evaluated.

E. **Creative outreach.**

In Montana, U S WEST has adopted a "marketing" approach to the Montana Telephone Assistance Plan. A full color brochure is being mailed to 26,000 Medicaid households in the U S WEST service territory. The promotion was developed after consultation with low income customers. U S WEST usually realizes a one to five percent response rate to its promotional mailings. Outreach programs should be conducted in the language of the targeted population.

F. **Penalties and incentives.**

Service providers could be given incentives or penalties (e.g. increasing the productivity factor in a price cap) for achieving goals such as high Lifeline participation or high penetration both in the aggregate and within groups or communities which are known to have poor penetration. Service providers would then deploy their talents to achieve these goals.

G. Disconnect prohibitions.

In 1989 Montana adopted a particularly good termination rule. Termination is prohibited for "failure to pay for nonregulated service or service provided by other carriers." It is simple and it works. Attachment D is Administrative Rules of Montana Section 38.5.3339.

H. Toll blocking.

Toll blocking should be available for customers who request it, preferably at no charge.

I. Voice mailboxes.

A number of carriers including U S WEST are now beginning to provide free voice mailboxes, often targeted to residents of homeless or domestic violence shelters. U S WEST's Project Hope Box will initially provide about 700 voice mailboxes statewide, and has generated great interest among human services agencies and advocates.

A voice mailbox is not a permanent substitute for a subscriber line. It is a creative way to provide essential service to an otherwise unservable population. As noted, a telephone contact may be more important than a mailing address in obtaining entry-level employment.

V. THE FCC AND OTHER FEDERAL AGENCIES SHOULD WORK COOPERATIVELY WITH STATE COMMISSIONS TO ADDRESS THE CONCERNS OF LOW INCOME CITIZENS.

The FCC has demonstrated an unprecedented commitment to working closely with the states in implementing the Telecommunications Act. Addressing the needs of low income customers is yet another area where creative partnership will serve the public interest.[12]

The FCC is to be credited for focusing on low income concerns equally with the other important elements the Act's universal service mandate. This furthers the Commission's

[12]Sections 101(a) and 254(f) of the Act specifically recognize a state role in achieving universal service.

commitment evinced in the Subscribership proceeding. The NTIA's work is also valuable and innovative.

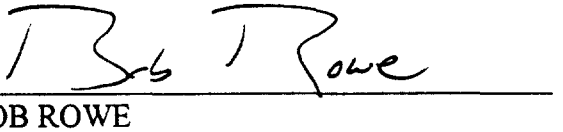
Historically, individual states have taken much of the initiative in creatively addressing the needs of low income and other small customers. In the Subscribership proceeding a series of productive staff-level conference calls lead to a list of proposals offered by NARUC for further discussion with the FCC.[13]

The FCC possesses the ability to collect and analyze nationwide data, to conduct large-scale research, to serve as a clearinghouse for innovative ideas, and to propose solutions which states might accept, reject, or modify to fit their circumstances. State commissions have direct contact with citizens, familiarity with local conditions, robust customer service programs, and the ability to craft solutions to meet local needs. These are complimentary not conflicting attributes.

The Federal-State Joint Board should consider ways to further and make more permanent the current level of cooperation. Work groups including non-Joint Board members and staff could be established Specific projects could be considered. The Commission should particularly consider expanding its monitoring of customer service and subscribership, and develop ways to make existing reports more useful to the states. To the extent the Commission believes specific actions are required by states, it should consider as an alternative to preemption the promulgation of PURPA-type principles which could be evaluated by state commissions.

Once again, thank you for your consideration of these comments. I am deeply impressed by your commitment and approach to this challenging and important work.

RESPECTFULLY SUBMITTED this 12th day of April, 1996.



BOB ROWE
Commissioner
Montana Public Service Commission

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[13]NARUC's initial comments in this docket address Federal-State cooperation at pp. 3-10. The six subscribership proposals are restated at pp. 8-9.

TELEPHONE PENETRATION RATES IN RURAL MONTANA

BOB ROWE
June 1994

Federal Communication Commission penetration data cited in most discussions of universal service does not adequately reflect very low penetration in some rural areas, especially on Indian reservations. The FCC reports penetration rates state-by-state. It also reports penetration by race (White, Black, and Hispanic only), income, age, and labor force status, but does not report this data state-by-state. A simple review of census data may provide a more complete picture.

FCC data for Montana indicates 1993 annual average penetration of 94.6 percent, a significant increase from 91 percent in 1984. Belinfante, Telephone Subscription in the United States (FCC, March, 1994).

Review of 1990 census data for Montana confirmed that rural and Native American penetration should be a concern. About fifteen Montana counties have over ten percent of households with no phone. All of these counties are rural. Many have high Native American populations.

By town, the statistics are especially dramatic. Twenty-four Montana townsites have less than eighty percent penetration. Of these, about twenty are located on-reservation. Many more rural communities have penetration rates below ninety percent.

Obviously, there is no one solution. This picture should provide background in many decisions, as it did in discussion of the sale of US WEST exchanges.[1] There may be more specific implications as well, including:

1. Reviewing the effect of line extension policies (a case study in conflicting good intentions), and considering wireless or radio alternatives.

2. Aggressive outreach to under-served populations, including participation in advisory boards, and outreach programs involving the targeted populations.

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[1]Many of the areas with low penetration will now be served by cooperatives or by their regulated subsidiaries. These purchasers committed to aggressive outreach to under-served populations.

3. Expanded participation in Lifeline/Link-up, perhaps through automatic certification of eligibility, or through legislation expanding eligibility beyond Medicaid [2]

4. Encouraging closer coordination between telcos and human services providers.

5. Voice mailbox alternatives (recognizing objections to the perceived lower-quality service).

6. Considering the extent to which credit or collection policies and Public Service Commission rules may be unnecessary barriers to service.

7. Continued attention to the cost and price of basic service, and to the elements of basic service.

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[2]This has been a problem for a number of citizens who are "categorically eligible" for Medicaid, but with incomes which fluctuate from month to month. It is a larger problem for the many families which are quite low income, but are ineligible for Medicaid.

1990 CPH-5-28

1990 Census of Population and Housing

Summary Social, Economic, and Housing Characteristics

Montana

Issued April 1992

STATE OF MONTANA/RECEIVED
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Economics and Statistics Administration
Mark W. Plant, Acting Under Secretary
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BUREAU OF THE CENSUS
Barbara Everitt Bryant, Director

Table 14. Fuels and Equipment Characteristics: 1990

[Data based on sample and subject to sampling variability, see text. For definitions of terms and meanings of symbols, see text]

State County Place and [In Selected States] County Subdivision	All occupied housing units	Percent with— House heating fuel: Utility gas	Bottled, tank, or LP gas	Electricity	Fuel oil, kerosene, etc.	Other or none	Vehicles available: None	1	2 or more	No telephone in unit
The State	356 163	54.2	7.5	17.9	4.1	16.2	6.7	29.8	63.5	6.9
COUNTY										
Beaverhead County	3 211	34.9	6.8	23.3	3.5	31.5	7.7	27.9	64.4	10.3
Big Horn County	3 446	39.7	23.5	21.6	1.6	13.6	7.1	36.0	56.8	22.5
Blaine County	2 379	54.4	19.4	14.8	2.6	8.8	10.4	32.1	57.5	17.8
Broadwater County	1 280	–	25.0	26.0	11.8	37.2	3.8	22.5	73.8	4.7
Carbon County	3 269	56.0	8.4	12.2	2.0	21.2	5.3	27.6	67.1	6.9
Carter County	589	8	70.5	5.6	2.4	20.7	6.6	21.2	72.2	5.8
Cascade County	30 133	78.4	3.6	10.5	2.3	5.3	8.5	31.5	60.0	5.6
Chouteau County	2 064	35.9	17.8	16.9	20.4	8.9	3.7	24.5	71.8	6.9
Custer County	4 631	76.1	9.3	6.1	.2	8.3	7.4	32.6	59.9	6.4
Daniels County	919	5	40.9	12.9	42.2	3.4	5.1	22.2	72.7	3.7
Dawson County	3 691	77.4	11.6	4.4	2.0	4.7	5.9	25.9	68.2	4.6
Deer Lodge County	4 060	74.9	1.0	7.9	.4	15.8	10.5	29.8	59.7	8.6
Fallon County	1 166	59.1	29.9	4.1	1.9	5.0	5.6	23.7	70.8	3.7
Fergus County	4 603	49.1	10.2	17.7	8.5	14.5	7.2	25.1	67.8	6.0
Flathead County	22 834	37.5	3.3	26.1	3.5	29.6	5.5	26.9	67.6	5.8
Gallatin County	19 015	45.1	5.1	29.0	2.9	18.0	3.7	30.8	65.5	4.5
Garfield County	577	.3	63.3	11.3	5.7	19.4	6.9	27.7	65.3	2.1
Glacier County	3 816	56.6	3.4	26.8	.4	12.8	9.7	37.3	53.0	16.0
Golden Valley County	330	6	31.5	18.8	25.5	23.6	.6	29.1	70.3	4.8
Granite County	1 051	34.4	5.6	12.9	6.1	40.9	5.9	28.5	65.6	11.4
Hill County	6 426	73.6	6.3	13.9	3.1	3.1	7.1	28.2	64.6	6.8
Jefferson County	2 867	38.4	8.2	14.7	5.5	33.3	4.1	18.8	77.0	7.9
Judith Basin County	908	–	22.4	25.3	25.9	26.4	5.1	22.4	72.6	5.9
Lake County	7 812	–	9.5	34.5	21.2	34.7	6.5	28.9	64.6	17.6
Lewis and Clark County	18 649	61.3	3.4	18.4	2.4	14.5	6.3	30.6	63.1	4.9
Liberty County	788	58.4	12.3	16.5	10.5	2.3	7.7	25.5	66.8	5.6
Lincoln County	6 668	–	9.5	23.8	10.4	56.3	4.8	27.9	67.3	8.1
McCone County	844	2.4	38.5	19.4	31.6	8.1	4.1	24.1	71.8	4.1
Madison County	2 357	13.6	11.2	20.4	13.8	41.0	4.5	22.9	72.6	6.7
Meagher County	709	–	35.8	12.4	8.9	42.9	5.2	25.0	69.8	13.1
Mineral County	1 282	1.2	11.9	15.8	20.7	50.5	6.6	28.6	64.7	15.3
Missoula County	30 782	62.1	3.1	19.3	2.2	13.3	7.0	33.6	59.4	3.3
Musselshell County	1 661	.1	19.5	15.5	15.8	49.1	6.3	25.8	67.9	10.1
Park County	5 619	45.4	11.1	17.0	2.7	23.8	8.8	30.7	60.5	7.5
Petroleum County	209	–	29.2	23.0	22.5	25.4	4.8	27.8	67.5	6.7
Phillips County	1 931	57.6	17.3	13.5	3.6	7.9	7.4	30.0	62.7	9.8
Pondera County	2 246	56.8	11.8	12.8	6.8	11.9	4.7	25.2	70.1	5.0
Powder River County	805	.5	58.8	16.0	1.1	23.6	3.2	24.6	72.2	4.6
Powell County	2 234	56.0	4.1	9.2	3.0	27.7	6.5	28.9	64.6	7.6
Prairie County	568	43.7	34.2	7.0	7.0	8.1	3.7	32.0	64.3	5.8
Ravalli County	9 695	31.6	6.3	16.6	2.3	43.1	3.8	26.9	69.3	7.3
Richland County	3 956	63.0	18.2	11.7	1.5	5.5	4.9	27.6	67.4	5.5
Roosevelt County	3 694	58.3	23.6	11.2	4.7	2.2	9.7	35.5	54.8	17.3
Rosebud County	3 479	24.0	23.0	37.6	.2	15.1	5.4	26.9	67.7	19.6
Sanders County	3 397	.1	10.2	20.2	13.1	56.4	6.4	25.5	68.1	11.3
Sheridan County	1 899	3.8	46.5	13.4	33.4	2.9	5.6	28.0	66.5	3.6
Silver Bow County	13 899	83.0	1.6	8.7	.9	5.8	11.3	32.5	56.2	6.1
Stillwater County	2 523	47.9	15.1	15.9	2.0	19.1	4.8	22.4	72.8	6.4
Sweet Grass County	1 281	47.0	11.0	13.8	3.1	25.1	4.5	27.9	67.6	5.9
Teton County	2 329	39.6	15.1	22.0	13.6	9.7	4.0	26.5	69.6	4.6
Toole County	1 922	46.1	6.3	40.3	4.0	3.3	6.2	35.0	58.8	4.8
Treasure County	339	–	26.3	42.2	4.1	27.4	5.0	28.0	67.0	8.8
Valley County	3 268	61.8	8.3	19.2	4.8	5.9	7.3	26.7	66.0	6.9
Wheatland County	849	52.3	8.8	13.1	6.6	19.2	5.3	30.5	64.2	11.2
Wibaux County	454	48.2	36.1	7.0	1.8	6.8	7.7	21.1	71.1	11.5
Yellowstone County	44 689	76.0	2.7	15.7	.9	4.7	6.8	31.0	62.2	4.8
Yellowstone National Park	24	–	100.0	–	–	–	–	–	100.0	–
PLACE AND COUNTY SUBDIVISION										
Absarokee CDP, Stillwater County	420	72.4	–	19.3	–	8.3	5.7	27.4	66.9	4.3
Alberton town, Mineral County	129	–	11.6	17.1	29.5	41.9	1.6	44.2	54.3	14.7
Anaconda-Deer Lodge County, Deer Lodge County	4 060	74.9	1.0	7.9	.4	15.8	10.5	29.8	59.7	8.6
Arlee CDP, Lake County	186	–	21.0	23.1	33.3	22.6	5.4	34.9	59.7	24.2
Ashland CDP, Rosebud County	116	–	16.4	68.1	–	15.5	13.8	49.1	37.1	16.2
Bainville town, Roosevelt County	70	–	80.0	2.9	17.1	–	–	44.3	55.7	2.9
Baker city, Fallon County	727	83.8	11.6	2.3	–	2.3	8.0	27.5	64.5	5.0
Bearcreek town, Carbon County	16	–	37.5	–	18.8	43.8	–	37.5	62.5	12.5
Belgrade city, Gallatin County	1 208	36.8	1.2	34.4	–	27.5	2.7	30.8	66.5	4.6
Belt city, Cascade County	256	–	28.9	23.0	29.3	18.8	10.9	37.9	51.2	7.8
Big Sandy town, Chouteau County	315	67.9	–	18.4	8.9	4.8	9.8	25.4	64.8	10.8
Big Timber city, Sweet Grass County	671	73.6	.9	16.1	–	9.4	7.0	39.5	53.5	8.3
Billings city, Yellowstone County	33 181	83.4	.7	13.9	–	1.9	7.9	34.6	57.5	4.6
Bonner-West Riverside CDP, Missoula County	661	65.8	–	11.2	1.2	21.8	1.1	39.0	59.9	8.0
Boulder town, Jefferson County	462	68.2	.4	8.0	.9	22.5	6.9	33.8	59.3	14.1
Bozeman city, Gallatin County	8 751	60.1	1.0	32.0	.7	6.2	5.6	40.1	54.3	4.3
Bridger town, Carbon County	287	80.8	1.0	9.1	–	9.1	8.0	31.0	61.0	4.2
Broadus town, Powder River County	216	9	56.0	27.8	9	14.4	1.9	32.9	65.3	6.0
Broadview town, Yellowstone County	51	–	35.3	35.3	5.9	23.5	–	21.6	78.4	9.8
Brockton town, Roosevelt County	95	–	77.9	8.4	8.4	5.3	9.5	46.3	44.2	38.9
Browning town, Glacier County	373	56.8	1.1	31.9	–	10.2	16.9	46.9	36.2	34.2
Busby CDP, Big Horn County	137	–	27.0	61.3	–	11.7	5.1	65.0	29.9	60.6
Butte-Silver Bow (remainder), Silver Bow County	13 640	82.9	1.6	8.8	.9	5.7	11.3	32.6	56.2	6.1
Cascade town, Cascade County	304	–	39.5	32.6	17.1	10.9	9.9	33.6	56.6	12.2
Charlo CDP, Lake County	152	–	16.4	15.8	44.7	23.0	3.9	23.7	72.4	14.5
Chester town, Liberty County	391	79.3	–	20.2	–	.5	12.8	31.7	55.5	5.2
Chinook city, Blaine County	674	86.1	–	11.3	–	2.7	9.1	41.8	49.1	9.1
Choteau city, Teton County	748	23.9	–	19.0	.3	6.8	8.0	39.6	52.4	8.3
Circle town, McCone County	313	–	28.1	24.9	43.1	3.8	8.0	32.3	59.7	2.5
Clyde Park town, Park County	112	–	35.1	17.5	12.3	35.1	1.8	36.8	61.4	2.4

Table 14. Fuels and Equipment Characteristics: 1990—Con.

[Data based on sample and subject to sampling variability, see text. For definitions of terms and meanings of symbols, see text]

State County Place and [In Selected States] County Subdivision	All occupied housing units	Percent with— House heating fuel: Utility gas	Bottled, tank, or LP gas	Electricity	Fuel oil, kerosene, etc.	Other or none	Vehicles available: None	1	2 or more	No telephone in unit
PLACE AND COUNTY SUBDIVISION—Con.										
Colstrip CDP, Rosebud County	1 014	–	18.9	64.6	–	16.5	.5	17.1	82.4	4.5
Columbia Falls city, Flathead County	1 108	57.2	.8	24.3	–	17.7	10.6	24.2	65.2	4.8
Columbus town, Stillwater County	627	82.0	–	12.8	–	5.3	10.0	31.7	58.2	5.1
Conrad city, Pondera County	1 126	80.7	–	13.3	–	6.0	7.0	28.1	64.9	4.1
Crow Agency CDP, Big Horn County	295	72.2	6.1	18.3	–	3.4	2.7	44.7	52.5	35.6
Culbertson town, Roosevelt County	305	48.5	27.9	10.8	10.8	2.0	4.6	25.6	69.8	7
Cut Bank city, Glacier County	1 361	76.3	.4	19.3	–	4.0	7.9	33.7	58.4	6.6
Darby town, Ravalli County	249	–	13.3	22.9	7.2	56.6	5.6	43.8	50.6	11.6
Deer Lodge city, Powell County	1 411	77.3	.4	9.7	–	12.7	7.7	33.2	59.1	9.2
Denton town, Fergus County	145	–	16.6	29.7	46.9	6.9	4.1	31.0	64.8	7
Dillon city, Beaverhead County	1 602	54.7	1.4	24.9	1.7	17.2	13.2	31.5	55.3	12.0
Dodson town, Phillips County	56	–	57.1	3.6	26.8	12.5	14.3	28.6	57.1	7.1
Drummond town, Granite County	114	58.8	–	18.4	–	22.8	20.2	28.9	50.9	28.9
Dutton town, Teton County	154	1.3	41.6	24.7	27.3	5.2	4.5	28.6	66.9	6
East Glacier Park Village CDP, Glacier County	149	61.7	–	21.5	–	16.8	–	49.7	50.3	14.8
East Helena town, Lewis and Clark County	615	75.4	–	14.5	–	10.1	5.7	28.8	65.5	2.1
Ekalaka town, Carter County	209	–	76.1	10.5	2.9	10.5	15.3	35.4	49.3	5.7
Ennis town, Madison County	319	–	16.9	29.2	18.2	35.7	4.1	30.7	65.2	5.3
Eureka town, Lincoln County	426	–	4.2	41.3	4.0	50.5	12.2	29.6	58.2	8.5
Evergreen CDP, Flathead County	1 548	57.2	1.6	19.2	2.8	19.2	3.5	31.7	64.9	6.6
Fairfield town, Teton County	291	70.1	.7	24.7	–	4.5	4.5	32.3	63.2	4.1
Fairview city, Richland County	351	86.6	4.6	4.6	–	4.3	9.1	34.2	56.7	10.5
Finley Point CDP, Lake County	150	–	4.7	40.0	28.7	26.7	3.3	26.7	70.0	11.3
Flaxville town, Daniels County	34	–	64.7	–	35.3	–	14.7	35.3	50.0	11.8
Forsyth city, Rosebud County	842	88.6	–	4.9	–	6.5	6.3	36.8	56.9	10.0
Fort Belknap CDP, Blaine County	142	81.0	1.4	9.9	–	7.7	21.1	38.7	40.1	33.1
Fort Benton city, Chouteau County	622	66.1	1.1	17.4	9.6	5.8	5.6	32.6	61.7	5.1
Fort Peck town, Valley County	130	66.9	–	23.8	–	9.2	–	14.6	85.4	–
Frazer CDP, Valley County	104	84.6	–	15.4	–	–	21.2	43.3	35.6	47.2
Froid town, Roosevelt County	108	–	71.3	8.3	20.4	–	7.4	32.4	60.2	6.5
Fromberg town, Carbon County	157	79.0	–	6.9	–	12.1	5.7	43.3	51.0	12.1
Geraldine town, Chouteau County	114	–	43.0	8.8	41.2	7.0	–	30.7	69.3	3.5
Glasgow city, Valley County	1 528	83.6	–	13.9	–	2.4	12.9	30.7	56.4	8.2
Glendive city, Dawson County	2 000	94.2	.8	4.4	.4	.3	9.0	34.7	56.3	4.9
Grass Range town, Fergus County	57	–	43.9	14.0	10.5	31.6	–	33.3	66.7	12.3
Great Falls city, Cascade County	22 639	88.0	.8	8.9	.1	2.2	10.1	33.7	56.2	6.0
Hamilton city, Ravalli County	1 345	74.1	1.3	19.0	–	5.7	15.2	46.7	38.1	10.9
Hardin city, Big Horn County	1 113	82.7	.5	14.1	–	2.6	12.6	31.1	56.3	17.3
Harlem city, Blaine County	347	87.3	–	11.0	–	1.7	13.0	35.4	51.6	15.6
Harlowton city, Wheatland County	474	75.1	1.7	9.1	4	13.7	5.5	35.7	58.9	9.1
Havre city, Hill County	4 018	84.3	.4	14.2	–	1.0	7.9	31.4	60.7	5.7
Havre North CDP, Hill County	449	89.5	–	10.5	–	–	5.6	31.4	63.0	6.5
Hays CDP, Blaine County	107	–	44.9	45.8	3.7	5.6	26.2	28.0	45.8	48.6
Heart Butte CDP, Pondera County	119	–	10.1	48.7	–	41.2	13.4	37.8	48.7	23.5
Helena city, Lewis and Clark County	10 346	76.5	6	17.6	1	5.2	10.0	37.9	52.0	5.5
Helena Valley Northeast CDP, Lewis and Clark County	581	31.3	12.9	15.1	8.6	32.0	2.4	16.9	80.7	1.5
Helena Valley Northwest CDP, Lewis and Clark County	388	5.4	8.5	32.2	23.2	30.7	–	15.7	84.3	1.3
Helena Valley Southeast CDP, Lewis and Clark County	1 564	45.7	1.7	28.7	4.1	19.8	1.3	22.2	76.5	5.2
Helena Valley West Central CDP, Lewis and Clark County	2 205	58.7	4.6	21.0	1.2	14.4	1.5	20.1	78.4	4.7
Helena West Side CDP, Lewis and Clark County	731	78.8	–	4.4	1.8	15.0	1.8	29.0	69.2	4.9
Hingham town, Hill County	56	87.5	5.4	7.1	–	–	–	5.4	94.6	–
Hobson town, Judith Basin County	97	–	26.8	24.7	20.6	27.8	2.1	32.0	66.0	9.3
Hot Springs town, Sanders County	223	.9	30.5	35.9	12.1	20.6	24.7	44.4	30.9	14.3
Hysham town, Treasure County	147	–	29.3	43.5	5.4	21.8	10.2	32.0	57.8	10.9
Ismay town, Custer County	5	100.0	–	–	–	–	–	40.0	60.0	–
Joliet town, Carbon County	226	86.3	–	7.1	–	6.6	10.2	27.0	62.8	8.4
Jordan town, Garfield County	202	1.0	68.8	12.4	5.9	11.9	13.9	32.7	53.5	2.5
Judith Gap city, Wheatland County	45	91.1	–	4.4	–	4.4	6.7	20.0	73.3	24.4
Kalispell city, Flathead County	5 237	61.8	1.4	26.8	2.7	7.3	12.3	39.5	48.2	5.7
Kevin town, Toole County	83	50.6	–	39.8	–	9.6	–	39.8	60.2	9.6
Kicking Horse CDP, Lake County	16	–	12.5	50.0	–	37.5	–	25.0	75.0	6.3
Lame Deer CDP, Rosebud County	501	1.0	31.3	59.9	–	7.8	16.0	45.7	38.3	50.1
Laurel city, Yellowstone County	2 262	82.9	.3	12.0	–	4.8	6.9	31.1	62.0	7.3
Lavina town, Golden Valley County	69	–	55.1	8.7	27.5	8.7	–	42.0	58.0	14.5
Lewistown city, Fergus County	2 474	76.8	.6	14.2	.8	7.6	11.0	31.5	57.5	6.3
Libby city, Lincoln County	1 089	–	9.7	35.8	21.9	32.5	9.0	38.0	53.0	5.6
Lima town, Beaverhead County	122	–	32.0	13.1	13.9	41.0	6.6	23.0	70.5	13.1
Livingston city, Park County	2 862	74.8	.3	13.4	.2	11.3	13.2	37.9	49.0	8.6
Lockwood CDP, Yellowstone County	1 368	70.2	1.8	17.8	–	10.2	4.5	25.4	70.0	6.0
Lodge Grass town, Big Horn County	160	4.4	41.3	23.1	11.3	20.0	29.4	34.4	36.3	59.4
Lolo CDP, Missoula County	913	55.5	2.2	18.0	3.5	20.8	2.3	26.5	71.2	4.4
Malmstrom AFB CDP, Cascade County	1 435	89.3	.4	9.9	–	.4	1.3	37.1	61.6	2.0
Malta city, Phillips County	950	82.8	.3	15.1	–	1.8	9.9	35.9	54.2	6.6
Manhattan town, Gallatin County	381	65.9	–	11.8	.5	21.8	3.9	29.1	66.9	3.1
Medicine Lake town, Sheridan County	138	2.2	60.1	5.1	31.2	1.4	2.9	37.0	60.1	5.1
Melstone town, Musselshell County	70	–	30.0	10.0	20.0	40.0	1.4	18.6	80.0	4.3
Miles City city, Custer County	3 506	87.0	.6	6.2	–	6.1	8.3	35.4	56.4	9.0
Missoula city, Missoula County	17 677	73.3	1.1	20.7	.8	4.1	10.0	39.1	50.9	5.2
Moore town, Fergus County	72	–	48.6	11.1	11.1	29.2	6.9	30.6	62.5	11.1
Muddy CDP, Big Horn County	96	–	12.5	75.0	–	12.5	8.3	37.5	54.2	49.0
Nashua town, Valley County	167	92.8	–	–	–	7.2	9.0	33.5	57.5	4.2
Neihart town, Cascade County	22	–	18.2	31.8	13.6	36.4	–	31.8	68.2	–
North Browning CDP, Glacier County	445	65.2	.4	24.5	–	9.9	11.2	46.3	42.5	27.0
Opheim town, Valley County	70	–	54.3	38.6	7.1	–	–	38.6	61.4	1.4
Orchard Homes CDP, Missoula County	4 169	76.3	.9	15.3	.3	7.2	4.2	32.1	63.7	4.7
Outlook town, Sheridan County	42	–	66.7	–	33.3	–	2.4	26.2	71.4	–
Pablo CDP, Lake County	439	–	27.1	34.2	14.1	24.6	6.2	33.5	60.4	24.6
Philipsburg town, Granite County	388	51.0	–	13.4	1.5	33.5	9.0	31.7	59.3	11.1
Pinesdale town, Ravalli County	88	3.4	8.0	5.7	5.7	77.3	4.5	52.3	43.2	23.9
Plains town, Sanders County	42[illegible]	5	14.5	25.9	18.5	40.6	5.2	33.3	61.5	9.5

Table 14. Fuels and Equipment Characteristics: 1990—Con.

[Data based on sample and subject to sampling variability; see text. For definitions of terms and meanings of symbols, see text]

State County Place and [In Selected States] County Subdivision	All occupied housing units	Percent with— House heating fuel: Utility gas	Bottled, tank, or LP gas	Electricity	Fuel oil, kerosene, etc.	Other or none	Vehicles available: None	1	2 or more	No telephone in unit
PLACE AND COUNTY SUBDIVISION—Con.										
Plentywood city, Sheridan County	896	–	45.0	14.6	38.6	1.8	9.4	36.3	54.4	4.7
Plevna town, Fallon County	73	–	72.6	6.8	9.6	11.0	4.1	26.0	69.9	2.7
Polson city, Lake County	1,299	–	3.6	54.6	24.1	17.7	11.2	43.6	45.2	9.2
Poplar city, Roosevelt County	331	87.9	5.7	4.5	–	1.8	14.5	45.0	40.5	22.1
Pryor CDP, Big Horn County	173	38.7	16.2	22.5	–	22.5	–	32.9	67.1	28.6
Red Lodge city, Carbon County	676	76.8	.6	11.1	–	11.5	8.8	43.8	47.4	6.8
Rexford town, Lincoln County	46	–	13.0	28.3	4.3	54.3	4.3	30.4	65.2	–
Richey town, Dawson County	115	92.2	–	4.3	–	3.5	7.8	40.9	51.3	4.3
Ronan city, Lake County	640	–	11.7	44.4	32.0	11.9	14.7	39.2	46.1	10.0
Roundup city, Musselshell County	780	.3	18.5	20.1	24.9	36.3	10.6	33.1	56.3	9.9
Ryegate town, Golden Valley County	106	–	28.3	14.2	34.0	23.6	1.9	34.0	64.2	2.8
Saco town, Phillips County	113	100.0	–	–	–	–	1.8	34.5	63.7	15.9
St. Ignatius town, Lake County	302	–	18.5	26.8	22.5	32.1	14.2	34.4	51.3	23.5
Scobey city, Daniels County	491	–	36.5	9.6	51.1	2.9	7.3	28.7	64.0	4.2
Shelby city, Toole County	1,134	58.4	1.5	36.1	–	2.0	8.8	42.3	48.9	7.0
Sheridan town, Madison County	275	54.5	–	14.5	5.5	25.5	11.3	29.5	59.3	1.8
Sidney city, Richland County	2,006	86.8	1.7	7.7	.6	3.1	6.7	35.4	57.8	7.0
South Browning CDP, Glacier County	448	68.3	.2	21.9	–	9.6	24.1	49.8	26.1	47.5
Stanford town, Judith Basin County	211	–	20.9	31.3	33.6	14.2	12.3	34.1	53.6	8.1
Starr School CDP, Glacier County	65	–	7.7	29.2	16.9	46.2	32.3	29.2	38.5	20.0
Stevensville town, Ravalli County	476	61.8	.6	23.1	.2	14.3	4.2	37.2	58.6	5.0
Sunburst town, Toole County	176	24.4	9.1	55.1	–	11.4	3.4	27.3	69.3	1.7
Sun Prairie CDP, Cascade County	410	52.7	11.7	23.9	–	11.7	–	15.4	84.6	2.0
Superior town, Mineral County	354	–	10.7	22.6	39.5	27.1	11.9	33.1	55.1	12.7
Terry town, Prairie County	291	83.2	7.2	3.4	–	6.2	5.8	37.5	56.7	6.2
Thompson Falls city, Sanders County	531	–	9.0	23.2	16.9	50.8	7.9	32.8	59.3	11.5
Three Forks town, Gallatin County	502	74.3	–	14.5	–	11.2	3.8	33.9	62.4	7.4
Townsend city, Broadwater County	651	–	26.1	31.3	12.0	30.6	5.8	33.5	60.7	13.8
Troy city, Lincoln County	374	.5	4.8	28.9	16.6	49.2	9.6	31.3	59.1	15.0
Twin Bridges town, Madison County	182	75.3	1.1	4.4	–	19.2	5.5	30.2	64.3	15.9
Valier town, Pondera County	221	84.2	.9	5.9	–	9.0	3.2	34.8	62.0	6.8
Virginia City town, Madison County	62	–	22.6	–	22.6	54.8	12.9	19.4	67.7	3.2
Walkerville city, Silver Bow County	259	87.6	–	1.5	–	10.8	12.4	28.6	59.1	5.0
Westby town, Sheridan County	112	61.6	6.3	21.4	4.5	6.3	10.7	21.4	67.9	–
West Yellowstone town, Gallatin County	416	–	20.7	40.9	.5	38.0	8.2	40.6	51.2	20.9
Whitefish city, Flathead County	1,830	57.8	.4	25.5	4.1	12.2	6.2	34.3	59.5	5.4
Whitehall town, Jefferson County	457	67.6	.4	17.7	–	14.2	11.6	28.0	60.4	8.1
White Sulphur Springs city, Meagher County	409	–	36.7	14.4	7.8	41.1	7.3	25.7	67.0	12.5
Wibaux town, Wibaux County	256	84.4	1.6	9.0	–	5.1	12.1	30.1	57.8	12.9
Winifred town, Fergus County	65	–	38.5	43.1	9.2	9.2	15.4	36.9	47.7	10.8
Winnett town, Petroleum County	78	–	19.2	30.8	25.6	24.4	6.4	30.8	62.8	7.7
Wolf Point city, Roosevelt County	1,104	93.7	–	5.6	–	.7	8.6	36.1	55.3	9.2
Butte-Silver Bow, Silver Bow County	13,899	83.0	1.6	8.7	.9	5.8	11.3	32.5	56.2	6.1

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ATTACHMENT B

Addressing the Needs of Low- and Moderate-Income Utility Customers A Regulator's View[1]

by
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Introduction: This article begins with a particular concern for the core small business and residential customers. These are the customers least able to negotiate their own deal or to avail themselves to potential new "markets" for the competitive acquisition of resources. Within this "core," low- and moderate-income residential customers—many of them disabled, elderly, or with children—face particular problems, and may cause particular billing and collection costs for the utility system.

Most energy assistance programs are available for families with incomes below 125 percent of poverty ($18,500 for a family of four). In Montana, 170,237 people, 22 percent of the population, fall below this line. These people live in approximately 61,379 Montana families.

In Montana, in 1993-94, 21,476 families received Low-Income Energy Assistance Program (LIEAP) benefits. This figure is approximately 35 percent of those who may be eligible. The State and advocates continually struggle to narrow that gap and to understand why it exists. The average LIEAP benefit is $284.[3] LIEAP recipients on the Montana Power Company (MPC) system are also eligible for a 10 percent reduced rate for natural gas, electricity, and the customer service charge. That benefit is worth $400,000 annually on the electric side and worth another $400,000 on the gas side.

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[1] This is adapted from the speech, "Addressing the Needs of Low- and Moderate-Income Utility Customers" New Mexico State University Current Issues Conference, March 19, 1994.

[2] The author speaks for himself and not for the Montana Public Service Commission. His comments are not intended to indicate a particular position on any cases now in front of the Commission or on any other specific matters which might come before the Commission. The views and opinions expressed by the author are not necessarily those of The National Regulatory Research Institute, the NARUC, or any particular state public utility commission.

[3] For 1995, the federal LIEAP budget was $1.319 billion, the least the program has ever received (but higher than the $730 million proposed by the Administration). In 1995 federal weatherization funding was about $226 million, a 9 percent increase over the previous year, but much lower than the peak funding level of $245 million in 1983.

In 1994, the State weatherized a total of 1687 homes MPC funded an additional 762 weatherizations.[4] MPC weatherized approximately 31 percent of the 2,449 total annual low- and moderate-income homes weatherized, and the State weatherized approximately 69 percent.

With that background, the author will set the stage by discussing several topics, including the importance of considering the relationship between different substantive issues and different problem-solving approaches. The author will also introduce some of the justifications for and objections to low- and moderate-income programs.

Pay Attention to the Connection Between Individual Problems and Larger Concerns: It is important to see connections between individual problems and larger solutions. As a Public Service Commissioner, the author spends part of each week working directly with individual customers to solve their problems. Perhaps because the Commissioners are elected from individual districts, the authors' four colleagues also do a greater amount of hands-on service work than may be the case in many states.

This has two benefits. First, it helps ground "policy" work in real life. It keeps the Commissioners from getting too esoteric. Second, it is a tremendous way to identify new issues that require larger solutions. Many of the projects the author has taken on, from rulemaking to tariff revisions, to identifying the emerging service needs of various communities, arose from working on individual customer problems.

Pay Attention To the Connection Between Gas and Electric Problems and Other Issues: One way to do this is by thinking of utilities as part of the overall cost of shelter. Families are poor because they cannot afford adequate shelter. In purchasing or renting a home, one buys a package of shelter costs. A large portion of those costs is the electric, gas, propane, water, sewer, and even telephone bill. People of moderate incomes pay a much higher proportion of their incomes to cover their utility bills. Often, they pay their utility bills before they pay most other expenses. Controlling the outlay for the utility portion of the shelter package may both increase the quality of the package and reduce its overall cost.

The following is an extremely hypothetical example of how utility and shelter problems may interrelate:

(1) Universal phone service has been national policy since 1934. If you have no one to talk to, the phone is worthless. Ubiquitous connection makes the entire network more valuable. Universal service means service not only to poor residential customers but to all rural areas. For the poor, Lifeline and Linkup have helped keep costs lower,

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[4] 1,036 homes were weatherized with Department of Energy funding, 153 with Stripper Well oil overcharge funding. 502 with a 10 percent transfer from LIEAP to weatherization.

although we need to do much more to increase participation. For rural areas, rate averaging and high cost pooling keep rates more in line with other parts of the country.

(2) Telephone service is essential for the elderly, the disabled, and families with children, in order to keep in touch with doctors, caregivers, families, and schools. A phone is also nearly essential in order to obtain an entry level job. If the applicant cannot be contacted, there are always more names on the list. It turns out there may also be a correlation between not having phone service and having other utilities disconnected. Lose your phone and you may be more likely to have your power disconnected.

(3) In turn, there appears to be some connection between utility termination and eviction. This may be because of difficulty meeting the whole package of shelter costs, or it may be because the landlord requires utilities to be maintained.

(4) Next, the family just evicted because they could not afford their shelter costs may face even higher rents than they were paying. In Boston, several years ago, a study by the University of Massachusetts showed dramatically higher rents for available units than were being paid for occupied units. The same events are happening in areas of Western Montana and in other desirable parts of the country. In addition, that already strapped family will face all the transaction costs of making the move, not the least of which may be utility hook-ups or deposits.

(5) These individual costs are real. At some point, enough individual costs add up to significant social costs. If a large part of the community can no longer afford to live decently, the whole community has a problem. These "social costs" may include crime, displacement, spouse abuse, increased demand for public assistance, and social services. The cost may also include something less measurable: the loosening of the moral bounds that hold society together

(6) Not only are there individual and social costs, there are utility costs. These may include bad debt, collection, delayed payment carrying costs, disconnections, and reconnections.

(7) These legitimate utility costs are recoverable in rates and will be passed on to customers.

The point of this "parade of horribles," as lawyers say, is to encourage some thinking in generalities and to make connections. Is the primary concern high electric or gas bills? Should one also pay attention to other utility bills, and to other shelter issues? What about getting involved in the comprehensive housing affordability strategy process or in a state housing task force? Are there ways to leverage private or public funding to increase the amount of

weatherization? What is the correct balance between public, private, and utility funding, and volunteerism?

Also, Look at the Big Picture and at a Range of Solutions: The final report of the Montana Low Income Utility Study[5] called for (1) public and private weatherization, (2) direct rate relief, (3) more efficient use of existing resources, (4) volunteer efforts, such as purchasing clubs for deliverable fuels, bulk purchases, and fuel price posting; and (5) taking greater advantage of competitive opportunities.

Using the Low-Income Study as a benchmark, Montana accomplished the following:

(1) Reasonably aggressive weatherization, including utility-sponsored residential and targeted low- and moderate-income weatherization.

(2) The 10 percent MPC reduced rate for low- and moderate-income customers was designed to help leverage additional federal funds. Last year, Montana was awarded an additional $259,993 in LIEAP funds based on its success in leveraging other funds (overwhelmingly, the reduced residential rate and utility-sponsored weatherization).

(3) A pilot conservation and budget counseling program at the Missoula-based Human Resource Council.

(4) Improved targeting of state weatherization funds.

(5) Ongoing improvements to the LIEAP matrix. LIEAP payments are now increased as income declines. The LIEAP matrix already considered fuel-type, housing type and size, and location within the State.

(6) A much more active role for the fuel fund, Energy Share.

(7) A "low-income collaborative" to review existing programs and make future recommendations.

(8) A nearly unprecedented coordination of environmental and ratepayer interests. In many states, the two interests are often at loggerheads.

There remain significant questions regarding (1) whether we are doing enough, (2) whether the approaches we are taking now (particularly the flat 10 percent rate reduction) are the best possible, (3) whether and how to bring in other electric utilities, (4) whether or not similar

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[5] The project was funded by the Montana Department of Social and Rehabilitation Services through a contract to the National Center for Appropriate Technology.

approaches should be extended to nonelectric utilities, (5) the kind of evidence required to support rate proposals, and (6) how active or effective the low-income collaborative has been.

The Type of Program Designed Will Partially Depend on the Reasons for Pursuing It: The following are three justifications for utility-based programs:

(1) Avoided Cost. The avoided costs of shut-offs, collection, delayed payment, nonpayment, reconnection, etc., typically support programs of deep rate reductions targeted to the most payment troubled customers. Often, these programs are coordinated with targeted weatherization, budget counseling, and arrearage repayment schemes. Some utilities particularly concerned with payment problems have taken the initiative in making such proposals. On the up side, such programs may produce more measurable benefits for other ratepayers and more meaningful assistance for participants. On the down side, they may have higher administrative costs and may not as fully share the Bonbrightian virtues of public acceptance and understanding as do flat discounts.

(2) Social Responsibility. This justification draws on the common law recognition, which predates modern economic theory, that utilities are "affected with a public interest." If adequate and affordable utility service were not of fundamental importance, it would not be worth the trouble to regulate the service. In return for accepting an "obligation to serve," regulated utilities receive certain privileges, including a reasonable rate of return on their investment, the power of eminent domain, and in many states a franchise for an exclusive service territory.

This theory supports across-the-board rate reductions, such as California's 15 percent lower LIRA rate.[6] MPC's current flat 10 percent reduction, or a similar reduced rate the Montana Commission approved for water service in Great Falls, Montana.

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[6] In approving California's Low-Income Ratepayer Assistance Program, the Public Utility Commission's (PUC's) Final Opinion stated:

> This program is simple—simple to understand, simple to explain, simple to compute. Simplicity of understanding and explanation will facilitate outreach and explanation by customer service departments and result in a quick start to this program. It confers a noticeable bill decrease on participating customers. Final Opinion in California PUC Proceedings, *Review of DOE and PUC Policies and Procedures for Implementing Low-Income Home Energy Assistance Programs*, Decision 89-09-044 (Cal. PUC: September 7, 1989), 7-8. (See *Quarterly Bulletin* 10:5, 516.)