

MICHIANA POINT OF VIEW

High cost of heat forcing families into difficult choices

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We have a crisis in northern Indiana. According to a 2004 study done by Diane Price and professor Charles Craypo of the University of Notre Dame, the cost of heating is driving some families into homelessness, while others are being forced to choose between food and medication or utilities. A significant and growing proportion of St. Joseph County households cannot pay heating bills all or some of the time. Families juggle limited resources in an attempt to make ends meet, often sacrificing other essential services. A 1999 study revealed that nearly a quarter of the recipients of federal utility assistance had to reduce their medical costs in order to pay for energy costs. This same study revealed that 12 to 13 percent were forced to reduce their food consumption.

Nearly 90 percent of all households in the county heat their homes with natural gas.

Heating costs have risen significantly in recent years. The price is also very volatile, making it difficult for families on tight budgets to adjust their expenses to accommodate the change.

For instance, in one two-day period in September 2004, the price of natural gas increased 17 percent. Last heating season, agencies in the county spent \$3 million aiding clients with utility bills and deposits.

More than 1,000 households were disconnected in the 2003-04 heating season, while an additional 2,000 received disconnect notices. Prompted by the community's rising demand for assistance in the area of emergency needs for basic living requirements, last summer a group of community members from businesses, charitable organizations, academic institutions and religious organizations began meeting to try to identify some of the root causes for the increased need. The unreasonable yet legal deposits charged by Northern Indiana Public Service Co. soon came to the surface as a primary issue

for concern.

The Indiana Utility Regulatory Commission responded to community concerns by proposing a comprehensive rule that not only addressed the deposit issue, but also how all utilities treat their customers.

Two public hearings were held. More than 800 people attended the hearing in South Bend, most testifying in support of reducing the size of gas deposits from four months of the yearly bill to one month. Unfortunately, the pressure, perhaps from the utilities, has been too great. The IURC has recently indicated that the rule will not be approved, even though the current gas utility rules were written more than 30 years ago.

But all is not lost. The IURC has indicated its willingness to propose a new rule, this time dealing only with the gas utility issue (deposits, disconnections and reconections). We urge it to do so and in a manner which will resolve the problem before the next heating season begins. Yet, what about the people who heat water with gas now? The

Post-Tribune newspaper, based in Merrillville, Ind., on April 7

reported that thousands of customers had been shut off by NIPSCO once the winter amnesty period expired. They cannot take a hot shower, bathe or wash clothes or dishes with hot water. Have you ever sent your child to school or any event without having been able to take a bath or shower?

Some think the problem was solved when, on the eve of the South Bend hearing on the issue, NIPSCO proposed a one-year pilot program called Winter Warmth. While this program has been a welcome source of charity, it does not solve the problem. To have NIPSCO turn your gas back on, the program caps the gas deposits at \$150 for poor customers and \$300 for non-poor customers who have a hardship. It only applies to current customers. It only applies to families with certain incomes. It is only a one-year program and we still have thousands of people in northern Indiana whose gas is shut off and thousands more with discon-

nect notices.

The problem with the gas deposits is not just a matter of a few poor families who have been unable to pay their bills. It affects all of us. It prevents our children from being able to start lives on their own. At a recent meeting of our coalition members, one of the participants told the story of two college students who had just started working for his organization. They rented a house in South Bend. They had enough money for their security deposit. However, when they tried to hook up their utilities they were told they needed an \$850 deposit for NIPSCO. These students did not have a past due bill with NIPSCO. They had never had gas service. Their deposit was not based on any prior bad payment history; it was based on the prior renter's gas usage at the home and the fact that the students have no credit history. As new customers, they do not qualify for Winter Warmth.

It prevents new businesses from opening in our community. At the public hearings in December, a small business owner explained how she had tried to rent a space for her business, but was unable to afford the high deposit to hookup gas service. Businesses do not qualify for Winter Warmth.

The current law allows NIPSCO to charge a customer 1/3 of an average yearly bill before they can turn on the gas. Consequently, some customers are asked to pay deposits ranging from \$400 to \$950. Such a deposit is unreasonable and only serves to create hardship for the people of northern Indiana who want nothing more than to heat their water, cook on their stoves and warm their homes.

We are not asking for charity. We are not asking for free service. We are asking for fair service. We urge the IURC to solve the problem by proposing and enacting a new rule which limits deposits to one month's cost of the yearly bill. We urge you to ask them for the same.

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