



Commentary: Warmth: a luxury

The state needs to remember low-income families as it considers a rate hike by the Public Service Company of New Mexico

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We have all felt the pinch of increasing gas rates. Many of us have turned down the thermostat at home or put a sweater on against the chill.

For people who live on low, fixed incomes, the rise in home energy prices has a severe impact. Some of these people close off parts of their home in an attempt to stay affordably warm in one or two rooms. Some try to get by with candlelight and dangerous alternative heating methods. Some forego medicine, medical treatment or food to pay their bills.

When these coping strategies fail and families cannot pay their utility bills in full, they are faced with disconnection. Disconnection leaves many of these vulnerable families just one step from homelessness or the creation or escalation of serious medical conditions.

These are not isolated situations. About one-third of New Mexico's households are low-income and have a member who is elderly, disabled or under 6 years of age.

The Public Service Company of New Mexico recently filed for a 13.6 percent increase in residential electric rates. The other utility companies that serve our state will file their proposals to do the same soon. It is understandable that, as business costs rise, the prices that consumers pay will rise, too. But no one expects incomes to rise at the same rate as these proposed increases, so the problem of unaffordable home energy will deepen.

Without a rate increase, we have a \$150 million annual energy affordability gap in our state. And our historical methods of addressing that gap, while important, barely scratch the surface.

Let's take a very good year as an example. That year would be 2005, when the Legislature allocated \$20 million for bill assistance that was added to the approximately \$10 million in Low Income Energy Assistance Program funds that the federal government provides annually to our state. Being generous, I'll say that there was another \$1 million available in emergency assistance from things like the Good Neighbor Fund. So, in that very good year, with that \$31 million pot, we had \$119 million in unmet needs.

Those figures express the scope of the problem statewide, but another way to see it is family by family. This year, 200,000 low-income households in New Mexico will spend an average of \$1,470 for all their energy bills and will have to use nearly 19 percent of their income to do so. To understand the magnitude of this burden, consider that if a middle-class household with an income of \$50,000 had a comparable energy burden, it would spend nearly \$10,000 on energy costs each year.

And now we find ourselves at the crossroads of some very tough decision-making with rising prices, fixed and flat incomes and an affordability gap that is largely untouched by current policies and practices. And at that crossroads, we are only served by understanding that the outcomes of our decision-making will reflect who we are, what we collectively care about and what we want our state to be.

In the short term, our solutions are in the hands of legislators. Energy efficiency, weatherization and conservation measures are effective ways to make energy bills more affordable for low-income households that need more than token support. Consumer protections also must be maintained and the state-funded Low Income Energy Assistance Program expanded. Additionally, the Public Regulation Commission should be given authority to consider how the needs of low-income households will be addressed when rates are being established.

In the long term, it is essential to leave behind slugfest policy-making that is both costly and unproductive, to make room for a commitment by the Public Regulation Commission, legislators, utility companies and consumer advocates to work together for a secure, safe, clean and affordable energy future for New Mexico. In this new environment, we need a new energy economy that capitalizes on our state's rich resources, creates extensive efficiency programs, utilizes innovative rate designs and fully implements payment plans that can serve us all.

As we consider the challenges and opportunities inherent in this dilemma, perhaps we should look to the late Sen. Paul Wellstone's statement, "We all do better, when we all do better," as a starting point.

In that, I find that fair profits, fair rates and affordability for the provision and consumption of an essential commodity - home energy - are not mutually exclusive.

Neither is the well-being of business or the customers and communities it serves.



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