

Kansas Department of

Social and Rehabilitation Services

Gary Daniels, Secretary

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House Utilities Committee

February 2, 2006

HB 2657 - Pre-paid Energy Cards

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HB 2657- Pre-paid Energy Cards

Mr. Chairman and members of the Committee, thank you for the opportunity to appear today on HB 2657. My name is Bobbi Mariani with the Department of Social and Rehabilitation Services. This legislation proposes the use of prepaid energy cards or similar programs for consumers at high risk of having uncollectible bills. The Department is concerned about the impact of these changes on low-income Kansans.

By its nature, a prepaid energy card, implies the consumer can only access the utility to the limit of the amount for which they have prepaid. Given that many low-income Kansans don't currently have the resources to pay their heating bill in full each month and rely on some type of payment plan, this bill would place those Kansans at great risk. While the consumer has the responsibility to pay their heating bill, the proposal should consider the person's resource capacity.

We are also concerned that while this proposal would appear to target the "won't pay" consumer it will do so at the expense of the consumer that "can't pay". It is important to remember that a consumer that "won't pay" may or may not have the capacity to do so while a "can't pay" consumer truly does not have the resources.

During 2005, the Low Income Energy Assistance Program (LIEAP) provided services to 42,308 Kansans whose income was at or below 130% of the Federal Poverty Level. Of these Kansans, 74.4% had income below 100% of FPL. These Kansans could reasonably be considered to be those most vulnerable to the provisions of this bill. For these individuals and others experiencing similar circumstances, this bill could place them in danger during extreme cold weather and create situations that jeopardize public safety as they pursue alternative methods of heating their homes.

I would like to thank the committee for this opportunity to provide testimony on this issue and I am available to respond to questions.