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PSC's impact on Alabamians

By Kimble Forrister

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There was a time when utility bills were a hot topic in Alabama.

In the 1980s, congregations and agencies were overwhelmed with requests for help from families struggling to pay high utility bills. A “utilities coalition” of 32 congregations and organizations pressured the Public Service Commission to approve some form of relief for families that fell on hard times.

The fledgling coalition soon learned a lot about how things really work.

When I first came to Alabama Arise two decades ago, PSC stories were legend among our members. They told of bringing busloads of people who packed the PSC hearing room. If they needed to go to the restroom, they had to get the key from the secretary. If a utilities lawyer needed to go, he had his own key.

Sometimes commissioners didn't show up. When they did, sometimes they fell asleep in their chairs. They ate lunch with utility company lawyers every day. They held hearings on the issue for two years and finally kicked the can down the road to the state Legislature, saying it wasn't a regulatory matter.

Stung by their failure at the PSC, the utilities coalition decided to try their luck at the Legislature. They formed Alabama Arise in 1988, and soon they learned that utility lobbyists in the State House were as formidable as the company lawyers at the PSC.

Two decades have passed, but the power dynamics at PSC meetings haven't changed much. Meetings may be quieter. Part of the secret is that rate increases aren't seriously debated. Thanks to rate formulas set in place years ago, our bills can go higher without attracting much attention.

What does get attention is Alabama's steady march up or down the state rankings on important issues. Remember how we finally accomplished a modest bit of tax reform after our \$4,600 income tax threshold became the worst in the nation? Alabama didn't act when we became second-worst, but in 2006 we reached No. 1 and we hammered out a bipartisan policy change.

Well, we recently reached No. 2 on the ranking of residential electricity bills. To be precise, we're just behind Mississippi in the ranking of average residential cost of electricity as a share of median income. We don't have the highest rates; we do have the second-highest bills. Bills are where rates interact with efficiency, habits and weather to take a huge bite out of a family budget.

One of the three commissioners decided to act. On Jan. 10, Commissioner Terry Dunn proposed that the PSC hold formal hearings for the first time in 30 years. And his colleagues were ready for him.

Their strategy: Change the subject.

PSC President Twinkle Cavanaugh said she wants to protect jobs in the coal industry. Never mind that the recent closures of coal-fired plants in other states were driven more by cheap natural gas than by anything else.

Commissioner Jeremy Oden says informal reviews are better than formal hearings. Never mind that formal hearings could get to the bottom of the rate-setting rules that have allowed Alabama to rise to No. 2 in residential bills.

Cavanaugh asked the companies if they would commit to keeping rates flat in 2013 and 2014. They agreed. But again, it's off the subject. Now that we're No. 2, and natural gas has become cheap, our rates will stay flat? That doesn't tell us anything about the rate-setting rules that allowed our bills to skyrocket.

But I have to say that the most disappointing attempt to change the subject was the ploy of Alabama Power Co. spokesman Michael Sznajderman. As the Associated Press' Phil Rawls reported, "He said a formal review would send a signal of uncertainty to Wall Street, which might damage the utility's credit rating and raise the cost of borrowing money."

By all means, let's not question the policies that are pushing our electric bills through the roof. Formal hearings would shed light on our bills, but they might hurt Alabama Power's profits.

We need a Public Service Commission that looks out for the people who elected them, not the companies they are supposed to regulate. Once they get that point straight, maybe they'll be able to stay on the subject.

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