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**Utilities: Recession generates delinquencies**

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*By Louis Porter Vermont Press Bureau*

MONTPELIER – Officials at several of the state's electrical utilities say they are seeing a spike in the number of Vermonters falling behind on their bills.

Electrical prices in Vermont have not gone up significantly in recent years and the state enjoys the lowest power rates in New England. That means the increase in customers who are behind in paying utilities is likely one more sign of the effect on Vermonters of the current economic downturn and the rising cost of gasoline and other fuels, officials said.

Actual disconnections of electrical service have not gone up dramatically. But that is likely due to increased efforts in recent years to arrange payment plans with those who have gotten behind and because power companies operate under wintertime restrictions on when they can disconnect the electricity, not because people are able to pay their bills, officials said.

"There is definitely an increase in the number of delinquencies," said Avram Patt, general manager of Washington Electric Cooperative.

Utilities still are working through the data and trying to figure out the causes and effects of the increases in delinquencies.

But Patt said WEC may be seeing rates of longer-term delinquency – those 60 days or 90 days behind – that are 30 percent higher than they had been.

David Hallquist of Vermont Electric Cooperative said that utility may be seeing delinquency rates as much as 50 percent higher than normal.

"It definitely is there," Hallquist said.

The largest utility in the state, Central Vermont Public Service, also has seen an increase, although not as large a one.

"We haven't seen a real increase in disconnections, but we have certainly seen an increase in the number of customers having trouble, given the economy," said Steve Costello, spokesman for the company.

Since 2003 the company has expanded its efforts to make payment arrangements with customers who fall behind rather than disconnecting them.

"Disconnections are not good for the customer, and they are expensive for us," Costello said. The company has since reduced its disconnection rate by half.



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However, CVPS has recently seen an increase in customers seeking those payment arrangements because they are behind on paying their bills.

"We are definitely seeing an increase in the number of people having trouble paying their bills and making payment arrangements," Costello said.

Steve Wark of the Vermont Department of Public Service said that electricity prices have not gone up significantly in Vermont.

But "there are a lot more billing arrangements being made," he said.

VEC hasn't had a rate increase since 2000. VEC hasn't since 2005 and although CVPS recently had an increase, its rates overall for electricity have gone up less than 6 percent since 1999.

But other costs Vermonters face, including gasoline and heating oil, are squeezing residents, leaving them in trouble when it comes time to pay their electric bills.

"People are under pressure to pay their heating bills and they can't because the bill is twice what they were," Patt said.

It is possible that the difficulty of paying for heating fuel is causing another problem for Vermonters, as well, if they can't afford oil or gas and plug in electric heaters that are expensive to run, Patt said.

Heating fuel companies in the state are seeing the same problem, said Matt Cota, Vermont Fuel Dealers Association.

"The stack of receivables on the desks of the fuel dealers are to the ceilings," Cota said. "Absolutely. It could sink some fuel dealers."

The fuel dealers – whose prices are largely determined by wholesale cost of fuel they have little control over – face the problem of knowing their customers can't pay the bill, but having to collect in order to have enough money to pay their suppliers, Cota said.

"They live in their communities and they know their customers," he said. "It's hard. They know their customers can't pay."

Cota is in Washington, D.C., this week lobbying for tighter regulation of the futures markets in fuel. It is that speculation, not demand, which is driving up fuel costs, he said.

For instance although the weather has been warm over the last week or so the cost of a gallon of heating oil has gone up 65 cents in the last nine trading days.


"There is no demand for heating oil right now. Nobody is buying heating fuel," he said. "So why did heating fuel go up 65 cents a gallon in nine days?"

Although a measure to add such regulation and close the so-called "Enron loophole" is gaining traction it is unclear if it will become law before the next heating season. If not it could be a big problem for Vermonters and others in cold climates, Cota said.


"Things are going to get worse rather than better," he said.

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