

# Energy stamps — wrong way to go

by Bert DeLeeuw

I have spent the greater portion of my adult life advocating welfare rights. I have picketed, sat-in, gone to jail, organized and lobbied for higher benefits and expanded income programs for poor people. Now, still seeking income redistribution, I find myself in the unusual position of opposing a new welfare program designed to provide poor people relief from high utility bills. The program is energy stamps.

Energy stamps, not to be confused with rationing coupons, are a way of helping poor people meet the cost of a basic necessity — electricity, gas or fuel oil. Modeled somewhat after the food stamp program, the concept has been advanced and tested by the Federal Energy Administration. It is winning the growing support of the utility industry. The Congressional Black Caucus lists energy stamp legislation among its goals for this session of Congress. At first glance, the idea appears worthy of broad based support. However, for the growing movement of citizens who have been opposing wave after wave of rate hikes, fuel cost adjustments, and an ever increasing number of cut-offs, energy stamps are the wrong way to go.

## Robin Hood in reverse

I oppose energy stamps because they will inevitably be marked by many of the same failings that plague our current welfare systems. Eligibility standards, means tests, red tape and bureaucracy will eliminate millions in need from

getting benefits. Many others will find it difficult to purchase energy stamps because they have to buy them in one lump sum. In FEA pilot projects \$75 worth of energy vouchers were sold for \$25.

Also, if these pilot programs are any indication of how energy stamps will be administered, people will have three separate places to go to apply for benefits — the welfare office, the food stamp office and the energy stamp office.

A greater flaw in the energy stamp concept is that it redistributes income the wrong way. Energy stamps are a taxpayer subsidy of the utility industry passed through the hands of poor people. Low and moderate income Americans who will be ineligible for energy stamps are the people who pay disproportionately high taxes and who will bear the cost of the program. Energy stamps will take from these near poor and give to the rich stockholders and banks which control the utilities. It is important to remember that in 1973, 39 power companies paid no federal income tax, but they are all eager to take more taxpayer subsidies. It is obvious why the industry supports energy stamps.

The division that is created between the poor and "just-makin'-it" people by virtue of programs like energy stamps is another reason why I oppose them. They set up an artificial distinction between two groups which both need relief. The significance of this division goes well beyond the question of energy stamps. For too long government programs and policies have served to divide poor and

low to moderate income Americans from each other and from their common self interest in economic reform.

## Rate structure hurts most

The utility problem is really the problem of an inequitable rate structure compounded by overall increased costs.

The majority of Americans need relief from this rate structure which discriminates against small users and subsidizes large industrial and commercial customers. In Boston, for example, the average residential customer using just 300 kilowatt hours (KWH) of electricity a month, pays 3.9c per KWH, while the user of 1700 KWH pays only 1.9c per KWH.

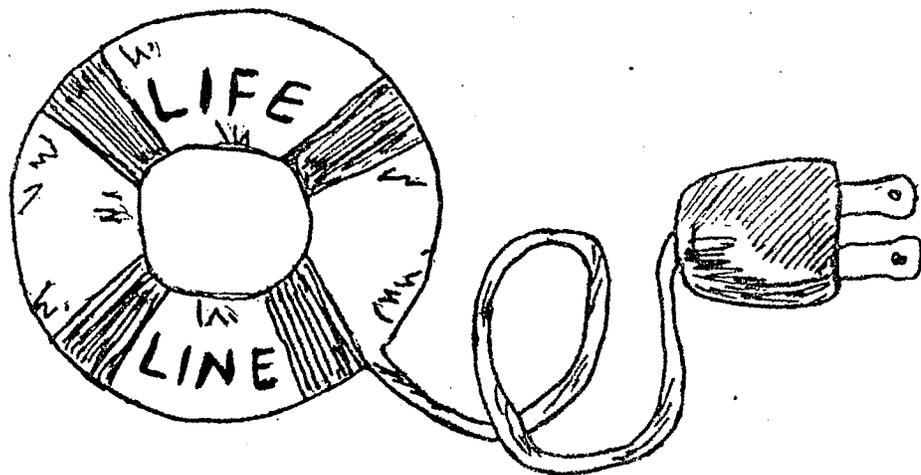
A number of studies have shown that low income people use less electricity than the well-to-do. A California study conducted by the Rand Corporation, for example, showed that the smaller the income, the less electricity used.

But the present utility rate structure means that low income people, even though they use less, pay more for electricity, and spend a greater percentage of their budget for it. According to the Center for Metropolitan Studies, poor people spend about 5.2 percent of their income on electricity, lower middle income people spend 2.1 percent and upper middle income people spend 1.5 percent, while well-off people spend only 1.1 percent.

The current rate structure promotes usage, not conservation. It is the major contributor to the current financial crisis the utility industry faces. The utilities' biggest problem is raising capital for expansion. If rates were designed to reward conservation instead of use, the need for expansion and for capital would be sharply reduced. As the rate structure now stands (giving some customers service at less than cost and charging others ever higher rates to improve the rate of return in order to attract investment) energy stamps simply avoid the real issues. They are at best a bandaid solution for a small percentage of people.

## Lifeline is for everyone

This leads to the final reason why I



oppose energy stamps — because there is a better solution. There is a way to provide relief to poor people which also encourages conservation of electricity and which gives *all* small users a break regardless of income. This alternative is lifeline.

Lifeline means providing a basic minimum amount of electricity to everyone at a fair and reasonable cost. This basic amount ranges between 300 and 600 KWH a month. The amount and price could vary from region to region, but the overall effect of lifeline remains relief for low income people and other small users, both residential and commercial; a shift in the burden of the nation's electric bill to big users, and the encouragement of conservation. Models for lifeline generally assume that beyond the basic lifeline amount rates are flattened. The effect of this would be increased average cost per KWH as usage increases.

Lifeline is an important first step toward necessary rate structure reforms, because it sets a standard of equity, redistribution and simplicity in application. It can easily apply to other forms of energy as well as electricity. As a Federal Energy Administration study of lifeline concluded: "Lifeline is perhaps the brightest concept to emerge from the energy crisis."

To those interested in building broad based coalitions capable of attaining economic justice, the significance of lifeline is even greater. Lifeline is our issue. We developed it. We can rally around it. We can build our own strength while winning it. We can set a new tone for America — not one of divisiveness — not one of pitting one class of people against another, but rather one of uniting against the powerful and greedy economic interests that now dominate decision making in our country.

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