



GeorgiaWatch theWATCHER

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THE NEWSLETTER OF THE STATE'S LEADING CONSUMER WATCHDOG

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PSC VOTES TO ALLOW AGL \$26 MILLION RATE HIKE

By Jonathan Shapiro



Despite the recommendation of its own staff, the Public Service Commission has voted to allow Atlanta Gas Light Company (AGL) a \$26 million rate increase – a

rate hike that will amount to about \$10 more per year for the average ratepayer.

The October 27th vote concludes a six-month review of the proposed pricing structure for AGL's 1.5 million customers.

Citing revenue shortfalls due to the recession, the gas distribution company had originally requested a \$54 million rate hike, as well as a higher profit margin. Company officials claimed more money was needed to cover operating costs and service improvements.

However, PSC staff strongly opposed the proposal from the

outset, calling on AGL to eliminate several "phantom costs" and reduce its annual revenue by \$16 million.

The PSC's 4-1 decision will result in an increase of approximately 90 cents per month on average natural gas bills. Meanwhile, the commissioners voted to slightly reduce AGL's allowed profit margin from 10.9 percent to 10.75 percent. In addition, the PSC voted to continue the low-income senior citizen discount, which exempts eligible seniors from the total amount of AGL's monthly base charges, up to \$14.

"The Commission's decision today to allow AGL to increase their rates is unjust - especially in this economy," said Georgia Watch executive director Angela Speir Phelps, herself a former Public Service Commissioner. "Their decision is not as bad as it could have been, but it's still far from what it should be based upon the evidence in the record."

Four commissioners voted for the rate increase: Stan Wise, Lauren McDonald, Doug Everett, and Chuck Eaton. Commissioner Robert Baker was

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TRAUMA CARE AMENDMENT FAILS AT VOTING BOOTH

By Holly Lang

On November 2, a ballot measure that would have infused an estimated \$80 million into the state's trauma network failed by a narrow margin – 53 percent to 47 percent. Passage of this measure would have dedicated funding from annual car tag fees to beefing up emergency care at hospitals around our state. The proposed amendment to our state's constitution would require a \$10 fee to be included with other charges during annual registration of certain motor vehicles. The failure of this amendment's passage could tip the balance between life and death for any Georgian.

Each year, in our state, about 40,000 cases of major trauma occur, each needing high-level care that is only available at certain accredited facilities. Of those 40,000 trauma cases, an estimated 700 Georgians will die because that crucial elevated

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HELP US HELP YOU DONATE TO GEORGIA WATCH

By donating a very small sum to Georgia Watch you can become a member! Members receive free quarterly issues of The Watcher, plus a 100 percent cotton Georgia Watch t-shirt by Alternative Apparel as a special thank-you for donations! Just tell us what size to send you.

Because we are a nonprofit organization, **every penny you**

donate is tax-deductible. Your financial assistance makes it possible for us to continue fighting for you.

Consumer expert and Georgia Watch board member Clark Howard says we are **"the only bona fide group in Georgia looking out for consumers"** and a donation to Georgia Watch is **"double the bang for your buck because you're helping a great organization that's working for you and you get savings back on your income tax."**



You can view an entire video message from Clark and make a tax-deductible contribution online at www.georgiawatch.org

UNDER NEW RULES BANKS SCRAMBLE TO BOOST PROFIT

By Jonathan Shapiro

With the last of its provisions rolled out in August, the Credit Card Act of 2009 offers many welcome protections to consumers. Card issuers are no longer allowed to retroactively increase interest rates on balances. Total annual fees are limited to 25% of the initial credit limit. And banks can't use missed payments for unrelated loans to justify interest rate hikes, a practice known as universal default.

While the new law goes a long way toward improving transparency and increasing consumer control over personal debt, card issuers - seizing upon vague language in the new law - are coming up with a variety of ways to make up for lost revenue.

Here are a few to watch out for:

- Because lenders can no longer raise interest rates on preexisting balances, card issuers are setting extremely high interest rates and offering rebates to cardholders who pay on time. However, the rebates are only for those with

outstanding credit. Most borrowers won't qualify and will continue to pay the higher interest rate. As a general reminder, there is still no cap on interest rates.



- New Federal Reserve rules require customers' permission to participate in overdraft protection for debit cards. However, many banks are using confusing language, both online and in mailings, to enlist cardholders. These customers unknowingly grant permission and find themselves incurring multiple overdraft fees.

- Once signed up for overdraft protection, banks will process the biggest transactions

first so a customer's balance dips below zero faster, leading to more overdraft fees.

- Because credit card companies are no longer able to increase interest rates arbitrarily, they are changing accounts with fixed rates to variable rates. These cards often come with a limit on how low the interest rate can go, but no ceiling on how high it can be raised.

- The new law prohibits banks from charging late fees on payments that are due when the bank is closed. But some banks are keeping a few branches open and claiming to be open during those days so they can collect late fees.

Georgia Watch is keeping a close eye on the card companies, but consumers should stay vigilant about newly issued terms and conditions. As always, make sure to read your account statements thoroughly and stay alert for deliberately tricky language. If you spot a deceptive practice, make sure to let us know about it!



HERE WE GROW!

Georgia Watch is proud to announce two new additions to our watchdog team.

Simeon Niles will act as Georgia Watch's new Court Watch fellow.

Simeon is a dual degree law and public health student at Emory University where he is a member of the Emory Moot Court Society and the University's Institutional Review Board. He has extensive public sector experience through his work with a variety of government agencies such as the Office of the Attorney General of Georgia; the World Health Organization in Geneva, Switzerland; the U.S. Centers

for Disease Control and Prevention in Atlanta; and the Federal Trade Commission in its Southeast Regional office.

Prior to law school, Simeon worked at a management-consulting firm managing various marketing campaigns and corporate communications. He graduated from Hunter College of the City University of New York in 2005 with a B.A. in English.

After serving as a Georgia Watch intern in fall 2009, **Jennifer Mbanu** has returned to our team as Health Policy Fellow.

Jennifer was born and raised in West Lafayette, Indiana. She received a B.A. in Organizational Communication with a minor in Spanish from Purdue University. During her undergraduate career, she spent a year at the Universidad Complutense de Madrid in Spain studying International Relations and Politics. After completing her degree, she moved to



Detroit, Michigan, beginning her career within a safety net hospital system. She spent five years working in the Managed Care Department of a large, multi-specialty physician group, gaining significant experience with Medicaid, Medicare, CHIP, and commercial third party payers. She managed the communications and training strategy for the group, ensuring that 750 physicians and their staffs were compliant with the policies and procedures of contracted health plans.

In 2009, she began pursuing a Master of Public Administration degree from Georgia State University, with a concentration in Public Health. She expects to graduate in May 2011.



CONSUMER ENERGY PROGRAM UPDATE

By Clare McGuire

The first round of hearings in the Georgia Power rate case was held at the Public Service Commission (PSC) the week of September 4th. The cumulative amount ratepayers will pay out of pocket if all the Company's proposed increases are approved will be \$2.8 billion by 2013. By February 2013, average Georgia Power bills would increase \$18 per month, or \$216 per year.

On September 4th, the first day of the rate case hearing, Georgia Watch teamed up with AARP, the Georgia Retail Association, the Georgia Retired Educators Association and concerned citizens to rally on the steps of the state capitol and highlight concerns over Georgia Power's rate increase request. All major television outlets in Atlanta covered the press conference. In addition, various print, radio, and web outlets across the state – from Rome to Athens to Gainesville – covered the rate case hearing at the PSC.

During the second phase of the case, Georgia Watch joined a diverse coalition - including retailers, commercial customers, AARP, and MARTA - and jointly sponsored the testimony of expert witness Jim Selecky to challenge and oppose the Company's requested profit increase. Selecky testified that the Commission should not approve an allowed rate of profit above 10.25 percent for Georgia Power. The Company is asking the PSC to raise its allowed profit margin from 11.25 percent

to nearly 12 percent. If approved, this would translate to roughly \$84 million more of profit per year for Georgia Power.

Georgia Watch also filed the testimony of expert witness George Evans. Evans recommended in his testimony that Georgia Power should retire a number of coal-fired units as of January 2011.

Evans calculated that retiring certain coal plants in 2011 would decrease the amount the Company needs to earn to recover its costs by \$22 million and would yield additional long-term benefits for the Company and ratepayers. Such benefits include allowing the Company more flexibility in replacing these

highly polluting coal units with more environmentally friendly facilities, thereby benefiting the Company, ratepayers and the environment. Evans testified that the Company has enough capacity to meet customer demand without these plants and they should be retired.

The third and final round of hearings will be held on December 1st, continuing on December 2nd and 3rd as necessary. During this phase of the hearing, Georgia Power witnesses will present their rebuttal testimony.

The Commission will render a decision in the case on December 21, 2010. Any new rate increases would go into effect January 2011.



FACT BOX

SENIOR DISCOUNT AVAILABLE FOR THOSE STRUGGLING TO PAY ENERGY BILLS

Georgia Power Customer

Customers of Georgia Power Company who are 65 or older with a total household income of \$14,355 or less per year qualify to receive the senior citizen's discount.

The \$14 monthly discount is applied to the customer's pre-fuel monthly bill amount. Seniors who are eligible for the discount will also receive a \$6 per month fuel credit to their bills. The electric service must be individually metered and in the senior's name.

The Georgia Power Senior Discount application can be found at: www.psc.state.ga.us/consumer_corner/GP-senior_discount_app.pdf

AGL Customers

Natural gas customers who are served on Atlanta Gas Light Company's distribution system with a total household income of \$14,355 or less and who are 65 or older qualify to receive up to a \$14 credit to their bills.

The bill must be in the name of the senior who applies for the discount. The credit is applied to the Atlanta Gas Light base charges portion of the monthly gas bill the senior receives from his natural gas marketer of choice.

The AGL Senior Discount application can be found at: www.psc.state.ga.us/consumer_corner/AGL-senior_discount_app.pdf

For more information, call Clare McGuire at (404) 525-1085 ext. 14 or email her at cmcguire@georgiawatch.org

TRAUMA continued from page 1...

degree of care wasn't available in time. For those in south Georgia, the chance of survival in the aftermath of a traumatic injury is even more narrow given that the pursuit of appropriate medical attention is truly a race against the clock. There are very few trauma centers south of Macon, and it becomes nearly impossible for a patient



to receive care within the "golden hour" – the first 60 minutes following a traumatic injury that can determine whether a patient lives or dies. For children, that window of time is only a grim 30 minutes.

AGL continued from page 1...

the only "no" vote.

The \$26 million rate hike falls on the heels of last year's PSC-approved STRIDE surcharge. Approved outside the scrutiny of a normal rate case proceeding, the surcharge will add \$200-\$400 million to ratepayers' bills over its lifespan of 15 years for the purpose of pipeline maintenance and extensions.

"Whether it's base rate increases or surcharges, Georgians are getting nickel-and-dimed out of their paychecks," said Speir Phelps.

The AGL decision comes amid a massive rate increase request by Georgia Power, the state's regulated electricity provider. The company wants to raise customer rates by \$1.2 billion, a hike that could add nearly \$200 to the average electric bill by February 2013 and cost ratepayers almost \$3 billion cumulatively.

For more rate case information, check out the Consumer Energy Program (CEP) update on page 3.

While it is easy to assume that every hospital emergency room is equipped to handle traumatic injuries, unfortunately that is not the case. The reality is that the vast majority of Georgia hospitals are

ill-equipped to handle traumatic injuries. There are more than 150 acute care hospitals in Georgia

but only 16 of those hospitals have trauma centers. Of those 16, only four - located in Atlanta, Macon, Augusta and Savannah - are Level I certified, meaning they are best able to handle the most daunting injuries. There are ten Level II centers, no Level III centers and two Level IV centers.

In short, Georgia's existing trauma system is woefully inadequate.

Many came out in support of the amendment's end goal to improve emergency care in Georgia. While acknowledging the need for additional funding to support and expand the state's trauma network, the oft-quoted objection labeled Amendment 2 simply as a tax, claiming the state should instead allocate funds to this effort. But in a state that already has such deep holes in its budget, it's unclear how the state would find the money to fund trauma efforts. To many, an effort such as Amendment 2 was one of the only real viable options.

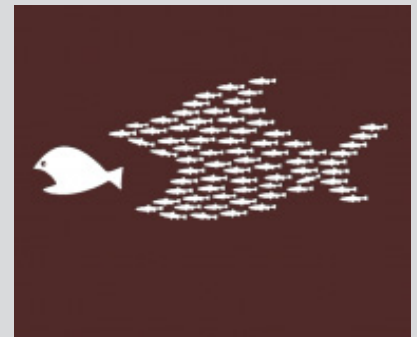
Trauma care should be a priority. Hopefully, the failure of Amendment 2 won't be seen by lawmakers as a sign of voters' disinterest in supporting a trauma network, and future efforts will emerge to help this important cause. Georgia Watch will continue to work to make timely and necessary emergency care accessible for all Georgians.

States' Rights and Consumer Protection on the Line at the US Supreme Court

By Danny Orrock

Big corporations, led by AT&T, will have free rein to trample on consumers if the Supreme Court rules in their favor. If the telecom giant gets its way, customers who enter into contracts with businesses would no longer have the option to join class action lawsuits.

Many consumer contracts already state that any disputes with the company must be resolved outside of court. These contracts also forbid class action suits. But some states invalidate such provisions, allowing consumers to band together and take the company to court.



The problem is that it doesn't make sense for an individual to sue a big company over small amounts, like the \$30 in sales tax that customers were required to pay when signing up for a "free phone" from AT&T. It's simply not worth the time and legal fees. The only way to hold a company accountable is for consumers to band together as a class and file a single suit, thereby making the process of justice much more efficient.

If the US Supreme Court rules that states can't pass laws to protect consumers seeking class action status, large companies can overcharge with no fear of legal action. It's potentially a large shift of power from the states to Washington - a shift that would no doubt hurt the little guy.

2011 LEGISLATIVE PREVIEW

By **DANNY ORROCK**



The 2011 Georgia General Assembly kicks off on January 10th. There will be a lot of new faces this year as there will be 33 new representatives in the House. 12 of 56 incumbent state senators either moved on or were defeated on election day. And of course, Governor Sonny Perdue has reached the two term limit and will be succeeded by former Congressman Nathan Deal.

This significant turnover can be an opportunity to build relationships with new legislators. Getting to know your legislators now and staying in touch with them can be vital when an issue that is critical to you comes before them. To locate which district you live in, go to the Secretary of State's My Voter page at: <http://www.sos.ga.gov/mvp/>

As always, the General Assembly will have a number of important issues to tackle in 2011. Here is a preview of some of the things that are likely to be on the legislative to-do list:

Budget

The legislature will have to reconcile the ambitions of some leaders who wish to spur growth through income tax cuts with the reality of a budget deficit between \$1.5 and \$2 billion. This gap will have to be closed through spending cuts and/or increasing revenue. Several years of declining revenues have left few options for further spending cuts. A commission has been examining ways to improve Georgia's tax structure and will be making a recommendation to the legislature next year. A broad introduction of higher tax rates in a down economy

seems unlikely, but some special interest tax breaks may be coming to an end.

Immigration

Expect action on the issue of illegal immigration. A special committee was appointed this fall to consider new laws to limit unauthorized immigration into Georgia.

Water

The legislature and governor are likely to spend a considerable amount of time on water. In the next year and a half, Georgia must come to some agreement with Alabama and Florida on water use or be faced with dialing back consumption to levels not seen in over 30 years.

Georgia Watch will be monitoring the legislature and speaking out on behalf of consumers. Some of the consumer issues that we hope legislators consider include:

Energy

Utility customers large and small have begun to unite for fairness in rates and management decisions. Georgia Watch has represented consumers at the PSC and will continue that advocacy at the Capitol.

Foreclosure



The foreclosure crisis continues in our state with no sign of relief in the near future. In addition to the devastation that the loss of a home has on a family, foreclosure leaves neighborhoods with blighted

properties, robbing equity from nearby homeowners and depressing local government revenue. Tenants are thrown out of their rental homes through no fault of their own. Protecting families and communities affected by foreclosure will continue to be a Georgia Watch priority.

Civil Justice



Last year the Supreme Court of Georgia stood up for the Constitutional rights of injured patients and their families by striking down the notorious cap on damages in medical malpractice suits. But it remains to be seen whether this legislature reacts with another big government intrusion into the courtroom. Georgia Watch will remain vigilant in opposing laws that impose a one-size-fits-all answer to those who are injured through no fault of their own.

Hospital Accountability

It is important to make sure that hospitals are billing patients in a fair and transparent manner, and that finances are being managed prudently. In the wake of last year's new tax on hospitals, some expect that hospitals will have a considerable amount of clout at the Capitol. We intend to make sure accountability and fairness are a part of any policy discussions regarding hospitals.

For more information on legislative matters or to volunteer your time at the Capitol, call us at (404) 525-1085

GEORGIA WATCH ACROSS THE STATE



Energy coalition (from left): Barry Reid, John Heavener, Andy Massey, Angela Speir Phelps, James Johnston, Helene Mills



Ashley Wilson, Council on Aging's Diane Williamson, and Clare McGuire



Danny Orrock and John Evans at the Capitol



Holly Lang speaking at the "Affording Hospital Care" workshop in Tifton, Georgia



Danny Orrock addresses retirees at Lockheed Martin



Angela Speir Phelps speaking at the Capitol

By Ashley Wilson

The past few months have provided a number of wonderful opportunities for us to connect with our members and concerned citizens throughout the state.

Our outreach presentations have focused primarily on the rate increase proposed by Georgia Power, which is currently being considered by the Public Service Commission. We have had the pleasure of meeting with retirees of Lockheed Martin, several chapters of the Fulton County Council on Aging, the Sierra Club, the South Cobb Rotary Club, and several Neighborhood Planning Units in Atlanta.

Throughout our travels, consumers from Dahlgonega to Albany have expressed their disgust that during a time when Georgia leads the nation in unemployment, bankruptcy and

foreclosure, utility bills may be going up.

In October, Georgia Watch teamed up with AARP, the Georgia Retail Association, the Georgia Retired Educators Association, and many of the individuals we met through our outreach efforts to rally on the steps of the state capitol and highlight consumer concerns over Georgia Power's \$1 billion rate request. Ms. Helene S. Mills did an excellent job speaking on behalf of seniors who will be dramatically affected by skyrocketing power bills if Georgia Power's rate increase is granted.

In November, Georgia Watch's Hospital Accountability Project and Tift Regional Medical Center partnered to sponsor "Affording Hospital Care," a free consumer workshop which was held at the Neighborhood Services

Center in Tifton. The event educated consumers on how best to approach a hospital visit and keep rising healthcare costs in check. We were excited to have the opportunity to talk with nearly 200 patients and residents about ways to navigate the hospital's financial assistance system, discover additional cost-saving options that make hospital expenses more manageable and avoid predatory loans for medical expenses. We also spoke about ways for consumers to save on their energy and telephone bills, and opportunities for seniors to receive free tax preparation assistance next year.

We look forward to reaching even more communities across the state in 2011, and will keep you updated on Georgia Watch workshops and other consumer events in your area.

Nonprofit Hospitals and the New Federal Healthcare Law

By Holly Lang

On March 23, 2010, the President signed into law the Patient Protection and Affordable Care Act, an expansive health reform that puts into place further regulation on the insurance industry and expands health coverage for millions of Americans.

One of the most important aspects of the new law concerns nonprofit hospitals, especially in regards to billing, collections and alerting patients to financial aid programs. Georgia Watch is actively monitoring hospitals across the state to make sure the following consumer protections are being implemented.

- Each nonprofit hospital must adopt a written financial assistance policy which includes eligibility criteria, application steps, and collection and billing policies. This written policy must be made available to all patients.

- Nonprofit hospitals can no longer engage in extraordinary collection actions against a patient before the hospital has made reasonable efforts to determine whether the patient is eligible for assistance under the hospital's financial assistance policy.

- All nonprofit hospitals must now limit the amount qualifying patients are charged for necessary care to equal the amount those with insurance would pay for the same care.

- All hospitals are now required to publish a list of their standard charges each year. This can be used by consumers to negotiate down existing bills.

- Each tax exempt hospital must conduct a community health needs assessment at least once every three years and adopt an implementation strategy to meet the community health needs of the public.

NEWS FROM....

THE DIRECTOR'S CHAIR



BY ANGELA SPEIR PHELPS

Change is all around us - particularly at this time of year as we bear witness to the beautiful changing seasons. The recent elections also brought change on the political landscape.



When the 2011 legislative session begins in January, Georgia will boast one of the largest freshman classes of legislators since 2002. I am inspired by our great democracy at work and reminded on Veteran's Day that millions of men and women throughout our country's history have paid a very high price so that we may be allowed the privilege to vote. Our veterans, and the men and women presently serving in the military - and their families - have paid a high price for our freedom.

As I sit down to write this column, our veterans and the upcoming Thanksgiving holiday weigh on my mind. We have so much to be proud of and thankful for - our freedom, our families, the beauty and hope of America, and much more than I can enumerate in this column. That pride and hope is a constant for me - as I believe it is for most Americans. Many things may change - but that remains the same.

Our country has fought many battles, and we stand together to fight the economic battle we're now facing on all fronts - job loss, decreasing home values, increasing healthcare costs, and increasing cost of living including the cost to light and heat our homes. The great recession has made its indelible mark on our lives

- changing how many of us handle our finances forever. It has also been the catalyst for change.

It's been said that adversity introduces us to ourselves. America has faced adversity throughout our history - overcoming it time and time again through the strength, character, and resolute determination of the American people. As history has taught us, adversity also has the capacity to make us stronger and more resilient. There are many changes underway but the constant of hope, strength, courage, and character that makes our country great perseveres.

As the calendar changes from 2010 to 2011 - Georgia Watch will persevere in our efforts to protect Georgians' pocketbooks. We stand steadfast in our conviction that the power of the people is one of our country's greatest assets. We will continue to be the consumer watchdog at the Capitol - advocating for greater consumer protections and transparency. We will represent consumers' interests in the utility cases before the Public Service Commission and we will work hard to educate consumers about their rights.

We are thankful for the opportunity to fight the good fight on behalf of the citizens of our state. We owe nothing less than that to all who paid the price for us by fighting for our freedom. Their sacrifice gave us the right to stand up and speak up for what we believe is right. We will do so and we ask that you stand with us and support us. We are thankful to you for your support and ask that you contribute if you can to support our work. This Thanksgiving, we are thankful for you and we wish you and your loved ones a very happy, blessed Thanksgiving.



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Georgia Watch Board Member

Clark Howard:

“Georgia Watch is the only bona fide group in the state looking out for you and me as consumers.”

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Georgia Watch has been the state's leading consumer watchdog for eight successful years!

We impact policy and provide education in the areas of healthcare, foreclosure, consumer energy policy, predatory lending and identity theft.

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GeorgiaWatch
is OUTSPOKEN

In 2009, Georgia Watch attended more than 100 events in 28 counties. We have reached approximately 10,000 Georgians in our extensive outreach efforts and have kept up this momentum so far in 2010!

You too can book Georgia Watch for a speaking engagement by calling (866) 33-WATCH!