

Agenda Date: September 30, 2021  
Item Number: A2

**Docket:** UE-210593  
**Company:** PacifiCorp d/b/a Pacific Power & Light Company

**Staff:** Molly Brewer, Regulatory Analyst

## **Recommendation**

Take no action, thereby allowing the tariff filed by PacifiCorp in Docket UE-210593 to become effective on October 1, 2021, by operation of law.

## **Background**

On July 30, 2021, PacifiCorp, d/b/a Pacific Power & Light Company (PacifiCorp or Company) filed with the Washington Utilities and Transportation Commission (Commission) proposed revisions to Schedule 91 Surcharge to Fund Low Income Bill Assistance Program (LIBA). The purpose of this tariff revision is to increase the monthly surcharge to reflect increased funding requirements associated with Docket UE-210533, and to recover the program's under-collected balance of approximately \$2.9 million over two years. PacifiCorp has not increased the surcharge in Schedule 91 since its 2013 General Rate Case (GRC), explaining the existing \$2.9 million under-collection.<sup>1</sup>

Docket UE-210533 was approved by the Commission on July 29, 2021. UE-210533 accomplished three things; 1) changed the LIBA program from a per kWh credit for usage of 600 kWh to a net bill percentage discount; 2) expanded the low-income eligibility threshold to customers with household income up to the higher of 200 percent Federal Poverty Level (FPL) or 80 percent Area Median Income (AMI), and 3) eliminated the annual enrollment cap to allow LIBA benefits to be accessible to all eligible customers.

## **Bill impacts**

The Company proposes to increase the residential customer monthly surcharge by \$1.26, from \$0.74 to \$2.00. An average monthly bill for a residential customer using 1,200 kWh per month is currently \$105.47, and with this increase it would rise to \$106.73.

## **Discussion**

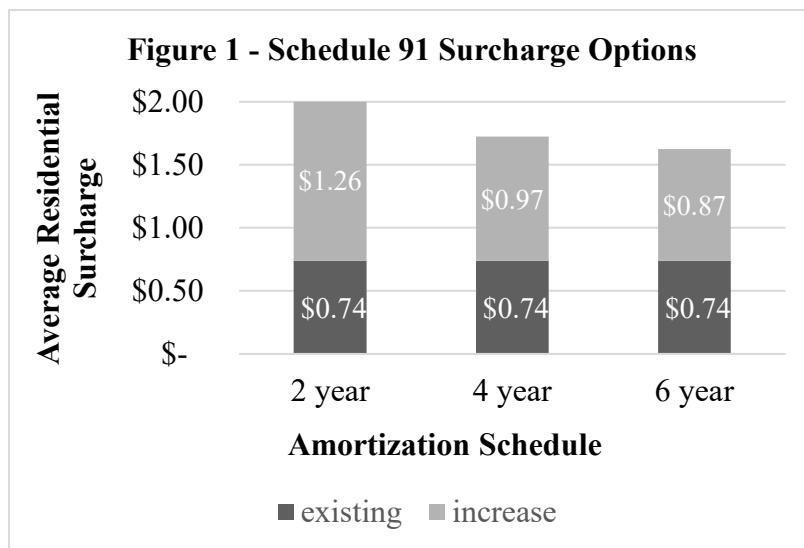
In total, the Company estimated it needed to collect \$5.23 million for the next program year. There are three components within the monthly surcharge:

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<sup>1</sup> The residential surcharge as a result of UE-130043 for Schedule 91 was \$0.74 per customer.

- 1) LIBA direct benefits: PacifiCorp estimates that the total revenue for the program will be \$3.36 million after these modifications.<sup>2</sup>
- 2) LIBA administration costs: The Company estimates that administrative costs will be approximately \$429,114.<sup>3</sup>
- 3) Existing under-collection: With a two-year amortization schedule, the Company proposes to collect \$1.4 million of its under-collection yearly.

Commission staff (Staff) believes that the Company's estimate on LIBA direct benefits and administration costs is reasonable. Staff also believes that the Company's proposal to collect the existing under-collection over two years is reasonable. During the discussion of docket UE-210533 in the July 29, 2021, open meeting, several stakeholders, and the Commissioners showed interest in further discussion of the impact of this upcoming Schedule 91 surcharge on residential customers. To address this, Staff also presents two other options to recover the existing under-collection over four years, or six years, as seen in Figure 1.



Since the difference in the monthly surcharge to residential customers is less than \$0.40 across these three options, Staff believes that any of the options would be reasonable and in the public interest. Staff prefers the amortization of the \$2.9 million under-collection over the next two years to minimize inter-generational inequity. Please see Table 1 which further details these three options.

<sup>2</sup> The Company assumes a 10 percent increase in customer enrollment from previous years to account for the modifications in UE-210533.

<sup>3</sup> PacifiCorp averaged administrative costs for the 2016-2020 period then added 10 percent to account for the program modifications.

**Table 1 – Revenue and surcharge options by amortization schedule**

<b>Revenue or Surcharge Component</b>	<b>Two-year amortization</b>	<b>Four-year amortization</b>	<b>Six-year amortization</b>
LIBA direct benefits	\$ 3,362,138	\$ 3,362,138	\$ 3,362,138
LIBA administrative cost	\$ 429,114	\$ 429,114	\$ 429,114
Amortization of prior under collection	\$ 1,448,586	\$ 724,293	\$ 482,862
Total for Oct 2021 - Sept 2022 collection	\$ 5,239,838	\$ 4,515,545	\$ 4,274,114
Residential surcharge (using average of 1,200 kWh monthly)	\$ 2.00	\$ 1.71	\$ 1.61
Residential surcharge increase	\$ 1.26	\$ 0.97	\$ 0.87

Though Staff agrees with the Company’s proposed tariff revision, Staff emphasizes that PacifiCorp should file a yearly tariff revision to Schedule 91 when there is a material amount of under/over-collections from the LIBA program. PacifiCorp stated in its cover letter that it did not file a revision for several years in an effort to keep rates flat. However, by doing so, customers will now see a bigger increase to their bill in one year than if the Company had filed yearly.

**Public Comments**

On August 25, 2021, the Company notified its customers by mail of the proposed rate increase. Customers were notified that they may contact the Commission at 1-888-333-9882 or [comments@utc.wa.gov](mailto:comments@utc.wa.gov) with questions or concerns. Staff received one consumer comment opposing the increase.

The commenter states that many people are facing eviction from their homes and dealing with job losses. The commenter states that rates should not increase at this time.

Staff informed the customer that state law requires rates to be fair, just, reasonable, and sufficient to allow the Company to recover reasonable operating expenses and the opportunity to earn a reasonable return on its investment. Staff also reached out to the customer offering to answer any questions the customer has.

The Public Counsel Unit of the Washington State Attorney General’s Office (Public Counsel) filed comments on September 22, 2021. Public Counsel recommends these revisions go into effect with the condition that the recovery of the under-collection balance be amortized over four years. Public Counsel states that it supports a robust LIBA program yet wishes to minimize rate shock to residential customers.

**Conclusion**

Staff believes this tariff revision is consistent with the public interest. Staff recommends the Commission take no action, thereby allowing the tariff sheets filed by PacifiCorp in Docket UE-210593 to become effective by operation of law effective October 1, 2021.