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STATE OF WASH.
UTIL. AND TRANSP.
COMMISSION

February 15, 2007

Re: Docket No. UE-061546
WUTC v. PacifiCorp

Dear Parties:

Enclosed, please find the direct testimony of Charles Eberdt (Exh. CME-1T) on behalf of the Energy Project in the above-referenced proceeding, along with Exhibits CME-2 and CME-3.

Sincerely,


Brad M. Purdy

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**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND)
TRANSPORTATION COMMISSION,)
)
Complainant)
)
v.)
)
PACIFICORP D/B/A PACIFIC)
POWER & LIGHT COMPANY,)
)
Respondent.)
_____)

DOCKET UE-061546

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STATE OF WASH.
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**DIRECT TESTIMONY OF
CHARLES EBERDT**

Q. PLEASE STATE YOUR NAME, ADDRESS AND EMPLOYMENT.

My name is Charles Eberdt. I am the director of The Energy Project, 1701 Ellis St., Bellingham, WA 98225.

Q. PLEASE OUTLINE YOUR EDUCATIONAL BACKGROUND AND PROFESSIONAL EXPERIENCE.

A. I have an M.A.T. from Harvard University. Since 1993, I have been working with community action agencies that provide energy assistance and energy efficiency services to low-income households in Washington. Prior to that I supervised training on energy efficient construction for building code officials and builders for the Washington State Energy Office and provided other public education on energy efficiency. I am a Board member of the National Center for Appropriate Technology (NCAT) and A World Institute for a Sustainable

1 Humanity (A W.I.S.H.). I have participated in several proceedings before this
2 Commission over the last twelve years, including the last two PacifiCorp rate
3 cases and the merger with Scottish Power.

4 Q. ON WHOSE BEHALF ARE YOU TESTIFYING?

5 A. I am testifying for The Energy Project, an intervener in this proceeding on behalf
6 of Washington's Community Action Agencies, three of which operate in
7 PacifiCorp's Washington service territory – OIC of Washington in Yakima, the
8 NW Community Action Center in Toppenish, and Blue Mountain Action Council
9 in Walla Walla.

10 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

11 A. I will testify regarding the impact of the last several years' rate increases on the
12 ability of the LIBA (Low Income Bill Assistance) Program to help PacifiCorp's
13 low-income customers.

14 Q. PLEASE SUMMARIZE YOUR RECOMMENDATIONS IN THIS
15 PROCEEDING?

16 A. Essentially, the LIBA Program has seen no increase in program funding since its
17 inception as a result of Docket No. UE-991832 in 2000. Because PacifiCorp's
18 rates have been increased several times since then, the program can not meet the
19 original objectives it was set up to achieve. The original rate discounts were
20 calculated to result in a bill that the customer could more reasonably afford.
21 Those discounts have not changed, so the resulting bill is higher than was
22 calculated as reasonably affordable. Furthermore, we know that the poverty
23 population is increasing in PacifiCorp's service territory. At the same time,

1 PacifiCorp's investment in low-income bill assistance is much lower than that of
2 either AVISTA or PSE. For these reasons, we believe that the Company should
3 increase its LIBA funding to more comparable levels to those provided by those
4 two utilities.

5 Q. Has this issue previously been addressed in any formal proceeding before the
6 Commission?

7 A. Yes. The issue was addressed in Docket No. 050684 which was PacifiCorp's last
8 general rate case. As all are aware, the Commission denied PacifiCorp's
9 requested rate increase for reasons unrelated to the LIBA program.

10 Q. Was an increase in the funding to PacifiCorp's LIBA program proposed by any
11 witness to that proceeding?

12 A. Yes. Company witness Andrew MacRitchie made a proposal similar to that
13 proposed by Company witness Griffith in this proceeding (Griffith, Exh. ____
14 (WRG-1T) at 19:21 – 20:3, to increase PacifiCorp's LIBA funding to reflect for
15 all increases to the Company's residential rates that have been improved since the
16 inception of LIBA, including any increase that might be approved as a result of
17 this proceeding. In addition, Mr. Griffith proposes in this case to continue to
18 increase funding to LIBA commensurate with any future increases to residential
19 rates. *Id.*

20 Q. Did PacifiCorp increase its LIBA program as Mr. MacRitchie proposed?

21 A. No. Because the Company did not get its requested rate increase, the proposed
22 increase to LIBA was never implemented.

23 Q. Could you explain why the funding increase you propose is necessary?

1 A. The LIBA program was designed as a tiered rate discount to address the needs of
2 households who were having difficulty meeting their electricity bills. The deeper
3 the level of poverty of the household, the greater a discount they would receive.
4 Those discount levels, however, have remained set at the original levels. So, as
5 rates have increased, the relief the discount provides is less and less of the bill.
6 Increasing the level of discount will improve that situation, but if that is done
7 without increasing the overall funding, the result will be that fewer households
8 will receive assistance.

9 Q. So increasing the funding doesn't really extend the program's reach?

10 A. Not if the funds are used to create the same level of assistance for an individual
11 household. If the discount is to keep pace with the rate increases, increasing the
12 program funding only as much as the rate increases will not allow any additional
13 households to be served.

14 Q. Is that a satisfactory solution?

15 A. Not really. The PacifiCorp service territory has one of the highest poverty levels
16 in the state. Furthermore, as we pointed out in the previous rate case (Case No.
17 UE-050684, Eberdt, Exh. CME-1T), the LIBA funding is much lower than that
18 provided by AVISTA or PSE for those utilities' low-income electric customers, as
19 figured by percent of gross operating revenues. PacifiCorp's current funding
20 level of LIBA is \$500,000.00 which equates to roughly 0.24% of its gross
21 operating revenue as of September, 2005. By contrast, as of the same time period,
22 AVISTA funded at 0.41% and PSE at 0.64% of their gross operating revenues,
23 respectively. Furthermore, since that time, both AVISTA and PSE have increased

1 their low-income bill assistance funding widening the gap between their programs
2 and PacifiCorp's.

3 Q. Are there any other indications that PacifiCorp's funding should be increased
4 more than commensurate with rate increases as proposed by the Company?

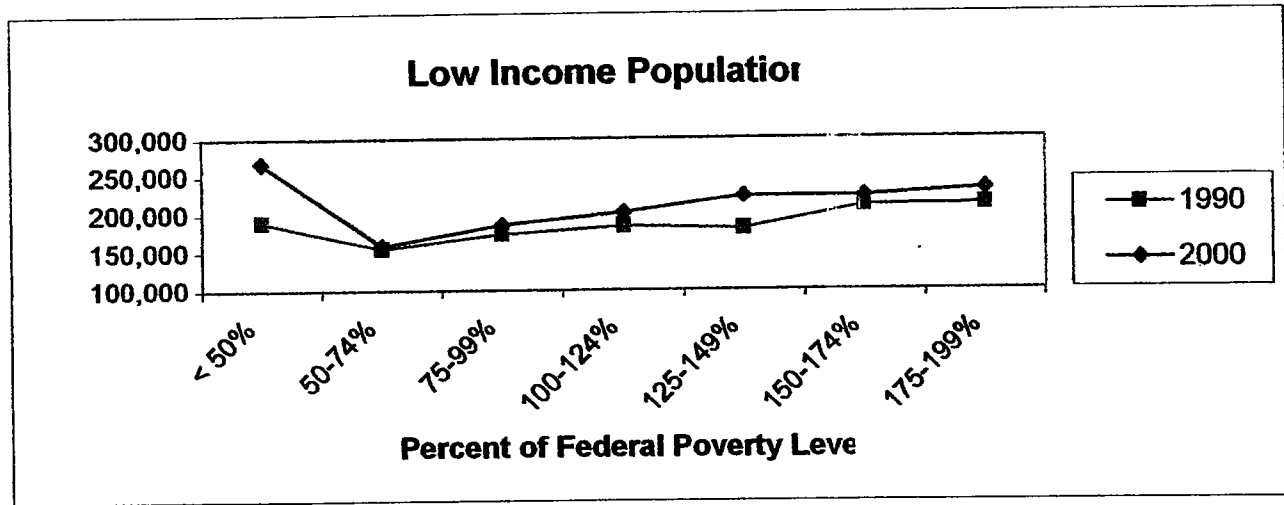
5 A. Yes. One of the other differences between PacifiCorp's program and the other
6 electric IOU's is that it addresses only the heating load, while the others recognize
7 that the problem for low-income households is not just the heating bill, but the
8 overall energy bill. We also know that the need for low-income assistance is
9 much greater than the funds we have to serve it. Between the 1990 and 2000
10 census, the number of households living below 125% of the Federal Poverty
11 Guidelines (FPG) increased by nearly 41,000. See, Exh. CME-2. This is
12 assuming 2.7 persons per household. While this was an increase of 16% over the
13 last census, the number living below 50% FPG increased by 41%. The 2005
14 American Community Survey maintained by the US Census Bureau indicates that
15 the population living below 125% FPG has risen from 814,308 people in the 2000
16 census to 972,717 in 2005. That is an increase of 158,409 people or 58,670
17 households, using 2.7 persons/household. See, Exh. CME-3. It is reasonable to
18 assume that a number of these households are in PacifiCorp's territory. Finally,
19 we know also that the need is much greater because in FY 2006 the agencies used
20 an additional \$300,000, made possible by the use of one-time penalty funds.
21 Those funds are no longer available.

22 Q. Would you summarize your recommendations?

1 A. We strongly recommend that PacifiCorp increase its level of funding for the Low-
2 Income Bill Assistance Program operated through the local community action
3 agencies in their Washington territory. While we appreciate the Company's
4 willingness to address the decrement that the last six years of rate increases have
5 had on the LIBA program's impact, we believe the utility should increase the
6 funding at least to a level in the range of that provided by AVISTA and PSE in
7 their respective programs, regardless of whether the Company receives a rate
8 increase in this proceeding.

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Changes in Washington's Poverty Population Since 1990



1990	Total	Percent of Federal Poverty Level							
		< 50%	50-74%	75-99%	100-124%	125-149%	150-174%	175-199%	≥ 200%
Population	4,741,003	189,762	154,558	173,613	184,278	180,902	209,830	212,275	3,435,785
% of Total		4.0%	3.3%	3.7%	3.9%	3.8%	4.4%	4.5%	72.5%
Cumulative Pop.		189,762	344,320	517,933	702,211	883,113	1,092,943	1,305,218	4,741,003
% of Total	100.0%	4.0%	7.3%	10.9%	14.8%	18.6%	23.1%	27.5%	100.0%
2000									
Population	5,765,201	267,601	158,758	186,011	201,938	223,114	222,694	232,672	4,272,413
% of Total		4.6%	2.8%	3.2%	3.5%	3.9%	3.9%	4.0%	74.1%
Cumulative Pop.		267,601	426,359	612,370	814,308	1,037,422	1,260,116	1,492,788	5,765,201
% of Total	100.0%	4.6%	7.4%	10.6%	14.1%	18.0%	21.9%	25.9%	100.0%
Difference									
Population	1,024,198	77,839	4,200	12,398	17,660	42,212	12,864	20,397	836,628
% Change	21.6%	41.0%	2.7%	7.1%	9.6%	23.3%	6.1%	9.6%	24.4%

The population traditionally served by low-income programs (0-125% FPL) has grown by 124,495 people or 40,911 households. While as a whole that group grew by 16%, the number of households in the poorest group grew by 41%. Serving households to 150% FPL, as many programs do, would increase those eligible for assistance by another 15,406 households.

S1701: Poverty Status in the Past 12 Months
 Data Set: 2005 American Community Survey
 Survey: 2005 American Community Survey
 Geographic Area: Washington

NOTE: Data are limited to the household population and exclude the population living in institutions, college protection, sampling error, nonsampling error, and definitions, see Survey Methodology.

Subject	Total	Margin of Error	Below poverty level
poverty status is determined	6,118,254	+/-3,839	729,470
AGE			
Under 18 years	1,449,423	+/-4,209	219,214
18 to 64 years	1,438,535	+/-4,481	209,621
65 years and over	3,985,057	+/-2,205	454,019
	683,774	+/-1,915	56,237
SEX			
Male	3,038,700	+/-4,436	329,091
Female	3,079,554	+/-4,017	400,379
RACE AND HISPANIC OR LATINO ORIGIN			
One race	N	N	N
White	4,968,743	+/-13,053	518,127
Black or African American	201,405	+/-4,441	41,984
Native	86,884	+/-5,646	26,313
Asian	403,476	+/-5,659	42,383
Pacific Islander	N	N	N
Some other race	227,117	+/-13,000	56,244
Two or more races	202,535	+/-8,827	38,930
Latino	535,197	+/-2,790	132,822
Latino	4,707,476	+/-5,672	454,237
EDUCATIONAL ATTAINMENT			
Less than high school graduate (equivalency)	4,074,619	+/-3,453	376,301
High school graduate (equivalency)	454,347	+/-12,077	102,603
Some college or associate degree	1,023,914	+/-16,939	111,023
Bachelor's degree or higher	1,369,756	+/-14,015	114,198
Bachelor's degree or higher	1,226,602	+/-15,898	48,477

EMPLOYMENT STATUS			
and over	3,200,856	+/-15,665	243,879
Employed	2,969,913	+/-14,982	184,873
Male	1,600,980	+/-11,053	85,805
Female	1,368,933	+/-11,448	99,068
Unemployed	230,943	+/-8,835	59,006
Male	121,827	+/-6,078	27,787
Female	109,116	+/-6,233	31,219
WORK EXPERIENCE			
over	4,843,069	+/-4,348	532,860
the past 12 months	1,854,944	+/-18,606	31,240
the past 12 months	1,621,042	+/-18,198	239,841
Did not work	1,367,083	+/-14,000	261,779
All Individuals below:			
50 percent of poverty level	314,450	+/-14,110	(X)
125 percent of poverty level	972,717	+/-27,341	(X)
150 percent of poverty level	1,214,549	+/-28,926	(X)
185 percent of poverty level	1,576,006	+/-31,918	(X)
200 percent of poverty level	1,735,181	+/-35,030	(X)
determined			
determined	1,260,335	+/-22,825	291,470
Male	635,218	+/-14,621	133,478
Female	625,117	+/-12,407	157,992
unrelated individuals (dollars)			
unrelated individuals (dollars)	5,377	+/-130	(X)
the past 12 months	487,664	+/-14,132	8,896
round in the past 12 months	419,462	+/-10,761	135,052
Did not work	353,209	+/-9,388	147,522
PERCENT IMPUTED			
Poverty status for individuals	17.1%	(X)	(X)

Source: U.S. Census Bureau, 2005 American Community Survey

Data are based on a sample and are subject to sampling variability. The degree of uncertainty for an estimate is shown by the margin of error. The value shown here is the 90 percent margin of error. The margin of error can be interpreted by the estimate minus the margin of error and the estimate plus the margin of error (the lower and upper confidence intervals). Due to sampling variability, the ACS estimates are subject to nonsampling error (for a discussion of nonsampling variability, see the ACS User's Guide, available at <http://www.census.gov/hhes/ahc/>). These errors are represented in these tables.

Explanation of Symbols:

1. An '*' entry in the margin of error column indicates that too few sample observations were available to compute a margin of error that is not appropriate.
2. An '***' entry in the margin of error column indicates that no sample observations were available to compute a margin of error that is appropriate.
3. An '-' entry in the estimate column indicates that no sample observations were available to compute an estimate or that the estimate of the median falls in the lowest interval or upper interval of an open-ended distribution.
4. An '-' following a median estimate means the median falls in the lowest interval of an open-ended distribution.
5. An '+' following a median estimate means the median falls in the upper interval of an open-ended distribution.
6. An '****' entry in the margin of error column indicates that the median falls in the lowest interval or upper interval of an open-ended distribution.
7. An '*****' entry in the margin of error column indicates that the estimate is controlled. A statistical test for control was conducted and the estimate is controlled.
8. An 'N' entry in the estimate and margin of error columns indicates that data for this geographic area cannot be determined.
9. An '(X)' means that the estimate is not applicable or not available.

: dormitories, and other group quarters. For information on confidentiality

Margin of Error	Percent below poverty level	Margin of Error
+/-22,357	11.9%	+/-0.4

+/-10,945	15.1%	+/-0.8
+/-10,670	14.6%	+/-0.7
+/-13,191	11.4%	+/-0.3
+/-4,347	8.2%	+/-0.6

+/-12,297	10.8%	+/-0.4
+/-12,869	13.0%	+/-0.4

N	N	N
+/-16,877	10.4%	+/-0.3
+/-5,880	20.8%	+/-3.0
+/-3,951	30.3%	+/-3.8
+/-4,762	10.5%	+/-1.2
N	N	N
+/-6,666	24.8%	+/-2.7
+/-4,098	19.2%	+/-1.9

+/-9,759	24.8%	+/-1.8
+/-14,823	9.6%	+/-0.3

+/-13,157	9.2%	+/-0.3
+/-7,460	22.6%	+/-1.4
+/-6,451	10.8%	+/-0.6
+/-6,548	8.3%	+/-0.5
+/-3,608	4.0%	+/-0.3

+/-9,684	7.6%	+/-0.3
+/-8,461	6.2%	+/-0.3
+/-5,253	5.4%	+/-0.3
+/-5,345	7.2%	+/-0.4
+/-3,774	25.6%	+/-1.6
+/-2,362	22.8%	+/-1.9
+/-3,008	28.6%	+/-2.6

+/-14,626	11.0%	+/-0.3
+/-3,263	1.7%	+/-0.2
+/-8,860	14.8%	+/-0.6
+/-10,236	19.1%	+/-0.7

(X)	(X)	(X)
(X)	(X)	(X)
(X)	(X)	(X)
(X)	(X)	(X)
(X)	(X)	(X)

+/-10,451	23.1%	+/-0.7
+/-7,376	21.0%	+/-1.0
+/-6,384	25.3%	+/-0.9

(X)	(X)	(X)
-----	-----	-----

+/-1,687	1.8%	+/-0.3
+/-7,120	32.2%	+/-1.5
+/-7,558	41.8%	+/-1.5

(X)	(X)	(X)
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ate arising from sampling variability is represented through the use of a
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nfidence bounds) contains the true value. In addition to sampling
see Accuracy of the Data). The effect of nonsampling error is not

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not be displayed because the number of sample cases is too small.