

1 **BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**  
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**WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,**

**DOCKET NO. UG-060256**

**Complainant,**

**v.**

**CASCADE NATURAL GAS  
CORPORATION,**

**Respondent.**

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**REBUTTAL TESTIMONY OF**

**CHARLES M. EBERDT**

**DIRECTOR OF  
THE ENERGY PROJECT**

1 **Q. THE COMPANY ORGINIALLY PROPOSED AN \$800,000.00 ENERGY**  
2 **ASSISTANCE PROGRAM AS PART OF ITS ORIGINAL FILING IN THIS**  
3 **CASE. THE PROPOSAL SEEMED CONTIGENT UPON AN AMENDMENT**  
4 **OF THE “PRIOR OBLIGATION RULE.” TO YOUR KNOWLEDGE, HAS**  
5 **THE COMPANY CHANGED ITS POSITION REGARDING THIS**  
6 **CONTIGENCY?**

7 A. It is my understanding that the Company has changed its position. In my direct  
8 testimony, I explained why this rate case is not the proper vehicle for amending an  
9 administrative rule and asserted that there is no logical nexus between an amendment  
10 to the prior obligation rule and the implementation of an energy assistance program.  
11 The Energy Project does not object in concept to a separate proceeding filed by the  
12 Company to address what it perceives to be abuses of the rule. The Energy Project  
13 would willingly participate in such a proceeding. In the interim, the Energy Project  
14 believes that there is absolutely no impediment to adopting an energy assistance  
15 program in this case.

16 **Q. IN ITS DIRECT TESTIMONY, DID THE COMMISSION STAFF EXPRESS**  
17 **OBJECTION TO OR CONCERN WITH CASCADE’S ENERGY**  
18 **ASSISTANCE PROGRAM AS PROPOSED?**

19 A. Yes. Staff witness Parvenin enumerated several concerns that prevented the Staff  
20 from supporting inclusion of the \$800,000 program (PARVENIN, p. 21, l. 12-17).

21 **Q. WHAT ARE STAFF’S CONCERNS AS YOU UNDERSTAND THEM TO BE?**

22 A. Staff would like the Company to explain more fully how the funds would be spent.  
23 Staff enumerated the following concerns:

- 1 1. Whether the funds were solely for bill assistance or conservation measures;
- 2 2. Whether the any part of the funds will be used to pay implementing agency
- 3 administrative costs, and;
- 4 3. Whether the funds will be available to reduce Cascade's uncollectible costs.

5 **Q. IS THERE ANY OTHER INFORMATION YOU BELIEVE MIGHT BE**  
6 **HELPFUL FOR STAFF TO BETTER UNDERSTAND HOW THE**  
7 **ASSISTANCE PROGRAM WILL FUNCTION?**

8 A. Yes. I suspect that Staff would appreciate a better sense of who will actually be  
9 implementing the program, who is going to be served, and how that is to be  
10 determined. I say this because Staff is familiar with low-income programs that are  
11 operated by other utilities that the Commission regulates and, as I recall, has asked  
12 these sorts of questions previously.

13 **Q. HOW WOULD YOU RECOMMEND THAT CASCADE ADDRESS THESE**  
14 **CONCERNS?**

15 A. The path of least resistance would be to emulate one of the other regulated gas  
16 utilities' programs (Avista or PSE) with a simple program built along LIHEAP  
17 guidelines for eligibility and program support and administration. This would allow  
18 Cascade to build on the expertise already available through the community action  
19 agencies that currently provide energy assistance and energy efficiency services to  
20 low-income households in Cascade's service territory. The \$800,000 should be  
21 dedicated to energy assistance, or bill assistance, rather than energy efficiency, since  
22 the utility just started an energy efficiency program last November. After a  
23 reasonable amount of experience with the energy efficiency and assistance programs,

1 Cascade, the agencies and other stakeholders could assess whether a better mix of  
2 funding is recommended.

3 The community action agencies have decades of experience running such  
4 programs and are the recognized centers for such help in their respective  
5 communities. They check the income of every applicant to make sure they do not  
6 exceed the income threshold for their household size. That insures that only utility  
7 customers who really need assistance will receive it.

8 **Q. WHAT ABOUT THE POSSIBILITY OF USING THE ENERGY**  
9 **ASSISTANCE FUNDS TO REDUCE CASCADE’S UNCOLLECTIBLES?**

10 A. Implementing the type of assistance program that I have described should reduce  
11 Cascade’s uncollectible costs. The greater question of uncollectibles is, however,  
12 more complex. There is a difference between customers who can’t pay because they  
13 don’t have the money and those who have the money but don’t pay or won’t pay. I  
14 assume that the Company’s proposal to amend the prior obligation rule was designed  
15 to target at this latter group. Unfortunately, it would unintentionally affect far too  
16 many in the former group. Ideally, the former group will be the very recipients of  
17 assistance from the utility’s funding.

18 **Q. IN WHAT OTHER WAYS IS CASCADE ADDRESSING ITS**  
19 **UNCOLLECTIBLE COSTS?**

20 A. I don’t know every method the Company utilizes, but it would appear that Cascade is  
21 attempting to discourage nonpayment through its miscellaneous fees, particularly the  
22 disconnection, reconnection and late payment fees.

23 **Q. DO YOU BELIEVE THIS METHOD WILL BE EFFECTIVE?**

1 A. It might be for some customers, but I think one has to consider what are, perhaps, the  
2 unintended consequences. It is only logical to assume that low-income households  
3 face more disconnection and reconnection occurrences than people who have enough  
4 money to pay the bill. Burdening these people with additional charges is  
5 counterproductive. If they cannot pay their bill because they don't have sufficient  
6 money, then assessing additional fees against them will only increase the possibility  
7 that they will fall off the system entirely, without paying their bill, and the Company  
8 will still incur, and not collect, the very costs it is trying to recover from these  
9 customers through the miscellaneous fees.

10 Company witness Stoltz's testimony seems to indicate that the Company  
11 believes that two-thirds of its disconnections will disappear when it increases the  
12 charge (Exhibit (JTS-9) Schedule 2 of 7, page 1 of 3). I don't know what this belief  
13 is based on, but it seems highly optimistic to me. The company's numbers in this  
14 exhibit are not logically consistent. The affect of the proposed increases would  
15 reduce disconnections by two-thirds, but an even higher increase would only reduce  
16 the need for reconnections by half. Worse, the estimated occurrence for  
17 reconnections is 5,050, when the disconnection estimate is only 3,892. Thus, the  
18 Company projects reconnecting more people than it has disconnected. I cannot  
19 comprehend any basis for the Company's estimated numbers. As Staff witness  
20 Parvenin points out in his testimony, it is more acceptable to assume the same rate of  
21 occurrences in the proposed year as occur in the test year. Testimony of Parvenin, p.  
22 23, ll. 10-19. At those rates, the Company's revenues from all these increased  
23 charges are \$750,000 or 67% greater than the Company estimates.

1 **Q. SO, DO YOU AGREE WITH STAFF’S POSITION REGARDING THESE**  
2 **CHARGES?**

3 A. I agree with Staff that the Company’s proposed charges are too high for  
4 disconnection and reconnection fees, and the late payment interest charge and  
5 minimum. As Staff witness Parvenin points out, no other Washington utility charges  
6 more than 1% interest, or more than a \$1 minimum charge. Paarvenein, p. 24, l. 19-  
7 p. 25, l.4. These charges are regressive for low-income in particular. It is not  
8 effective to try to draw water from an empty well. I would go further than Staff by  
9 suggesting that such charges should be waived for households who can demonstrate  
10 that they are the receiving public assistance from a recognized poverty program, such  
11 as food stamps or LIHEAP.

12 **Q. ARE THESE THE ONLY REGRESSIVE CHARGES?**

13 A. No. I think the account activation charge is another that will act as a barrier to  
14 service for many low-income families. These families are more likely to have  
15 difficulty making payments and, therefore, are already more likely to have a deposit  
16 required in order to get service. This is a charge that should rolled in with the overall  
17 distribution system costs as it has been traditionally.

18 **Q. DO YOU INCLUDE THE TAMPERED METER CHARGE IN THE GROUP**  
19 **OF PROPOSED CHARGES THAT SHOULD BE REJECTED BY THE**  
20 **COMMISSION?**

21 A. No. Tampering with or damaging a meter should not be tolerated. However, we  
22 agree with Staff that the penalty should be the cost of repair, not a flat fee.

1 **Q. WHAT IS YOUR POSITION ON THE EQUIPMENT SERVICE CALL**  
2 **CHARGE?**

3 A. I reiterate what Mr. Lazar averred in his testimony – that this retards safety efforts  
4 and could discourage someone from reporting a potentially dangerous situation.  
5 Exhibit (JL-1T, p.39, l. 12,-p.40, l. 11).

6 **Q. WHY DO YOU OBJECT TO THESE CHARGES IF THE COMPANY IS**  
7 **WILLING TO INITIATE A LOW-INCOME ASSISTANCE PROGRAM?**

8 A. For two basic reasons. First, the Company doesn't have such a program and has not  
9 agreed to or provided any detail about how such a program would work. Given that,  
10 Staff's reluctance to include the \$800,000 in the revenue requirement is  
11 understandable. Without more detail as to how the program is to work, it is difficult  
12 to see what the impact of such fees might be. Second, even with a program in place,  
13 we are unlikely to reach all of the low-income customers who might need assistance.  
14 Those non-participants would still be subject to these charges.

15 **Q. WHAT IS YOUR RECOMMENDATION THEN?**

16 A. The Company should work with the community action agencies, Staff and other  
17 interested stakeholders to submit, by the end of the year, a program along the lines of  
18 that described above; similar to the Avista or PSE programs, modeled on LIHEAP,  
19 and implemented by the local community action agencies. Cascade should  
20 implement such a program and gather data about the clients that the program serves  
21 including how well they are able to pay their bills, how many are disconnected for  
22 non-payment, how many are reconnected, whether they contribute significantly to bad

1 debt, etc. Then after a couple years experience and with additional knowledge, the  
2 Company can propose changes that are better targeted to achieve its intended ends.

3 **Q. DOES THAT CONCLUDE YOUR REBUTTAL TESTIMONY?**

4 A. Yes it does.