

Exh. RMM-19  
Docket UE-19\_\_\_\_  
Witness: Robert M. Meredith

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,

Complainant,

v.

PACIFICORP dba  
PACIFIC POWER & LIGHT COMPANY

Respondent.

Docket UE-19\_\_\_\_

**PACIFICORP**

**EXHIBIT OF ROBERT M. MEREDITH**

**Rate Design/Cost of Service Collaborative Presentation – July 18, 2017**

**December 2019**

# Rate Design/Cost of Service Collaborative

July 18, 2017



*Let's turn the answers on.*

## Docket UE-152253 Commission Order

- Commission Order dated September 1, 2016, requires the Company to “include an analysis of the potential impacts to low-income customers of a third energy block rate design in the Cost of Service Study and Rate Design collaborative.”

## Inverted Rates

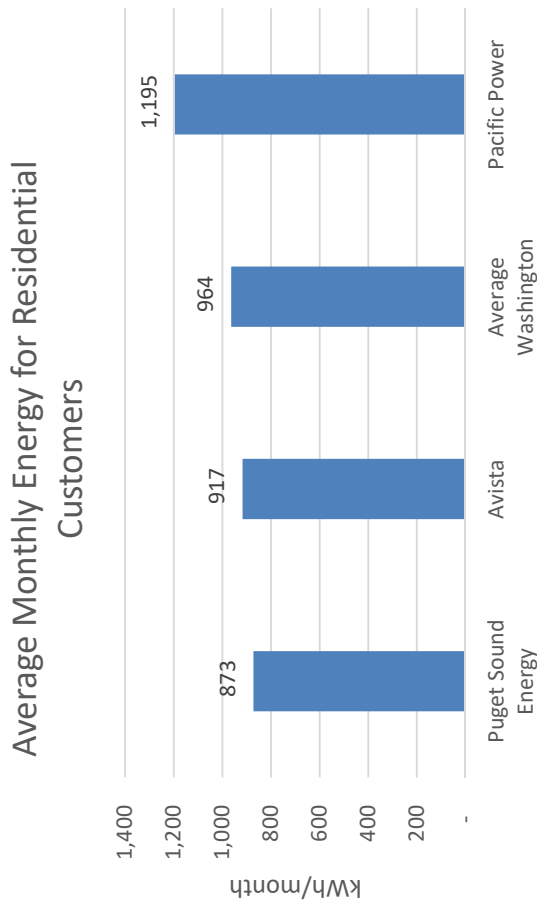
- Current Schedule 16 Residential Rates
  - 6.548¢ for first 600 kWh
  - 10.350¢ for all additional kWh
- Staff proposed Residential Rate Design in last rate case (based on a different revenue requirement)
  - 6.472¢ for first 800 kWh
  - 9.170¢ for usage between 801 kWh and 1,700 kWh
  - 11.996¢ for all additional kWh

## Available Information Relevant to Rate Tiers

- Bill frequencies
- Load research profiles
- Survey data (conducted in 2014 by Market Decisions)
- Governmental data
  - Energy Information Administration
  - Census Bureau

# Pacific Power Residential Customers in Washington

- Pacific Power residential customer is a larger user than other IOUs and for the state.



Source: Based on Energy Information Administration, Form EIA-861, 2015

## Less Access to Natural Gas in Pacific Power's Service Territory

- Pacific Power customers are more likely to heat with electricity than the rest of the state.

	% that Heat Homes with Electricity	% that Heat Homes with Natural Gas
All Washington Counties	54%	35%
Counties that PacifiCorp Serves	69%	22%

Source: Based on U.S. Census Bureau, American Community Survey, 2011-2015 Data.  
Table B25040 House Heating Fuel

## Low Income ≠ Low User

- Bill frequencies sorted by Schedule 16/Schedule 17 and Payment Assistance Recipients/Non-Recipients (e.g. LIHEAP) seem to indicate that those who seek assistance are not necessarily low energy users

### Bill Count During 2016

	Sch 16		Sch 17		Payment Assistance		Non	
	Recipients	Recipients	Recipients	Recipients	Recipients	Recipients	Recipients	Recipients
0 - 800 kWh	40.2%	40.5%	37.0%	40.3%				
800 - 1,700 kWh	40.7%	42.2%	42.8%	40.7%				
1,701 kWh and over	19.1%	17.3%	20.2%	19.0%				
0 - 600 kWh	25.8%	24.2%	21.8%	25.9%				
601 kWh and over	74.2%	75.8%	78.2%	74.1%				



# Higher Price for Greater Monthly Usage is not Cost Based

- Load factors by monthly usage level are fairly similar

	Load Research Customers	Average kWh	Average Load Factor*
0 - 800 kWh	15	600.13	52.2%
801 - 1,700 kWh	43	1,203.16	58.2%
1,701 kWh and over	16	2,237.20	51.4%
0 - 600 kWh	6	421.49	55.6%
601 kWh and over	68	1,382.41	56.8%

Source: 2016 Residential Load Research Study

\* - Average load factor is based upon top 100 hours in the winter and top 100 hours in the summer for the WCA loads

## 2014 Survey Findings

- 3,787 respondents
- 95% confidence level is  $\pm 1.6\%$
- Conducted by Market Decisions in 2014
- 71% stated they didn't keep track of their energy usage
- 56% stated that the tiered rate structure did not influence their usage decisions

## 2014 Survey Bill Frequency by Income

- Slightly more bills with higher usage for higher income

### Bill Count between 2009 and 2014

	< \$40k	≥ \$40k
<b>0 - 800 kWh</b>	35.4%	24.8%
<b>800 - 1,700 kWh</b>	42.4%	46.4%
<b>1,701 kWh and over</b>	22.2%	28.8%
<b>0 - 600 kWh</b>		
<b>601 kWh and over</b>	21.5%	13.2%
	78.5%	86.8%

## 2014 Survey Bill Frequency by Age

- Slightly more bills with higher usage for those who are 65 or older

### Bill Count between 2009 and 2014

	< 65	≥ 65
0 - 800 kWh	32.2%	26.7%
800 - 1,700 kWh	44.0%	45.4%
1,701 kWh and over	23.8%	27.9%
0 - 600 kWh	18.4%	14.9%
601 kWh and over	81.6%	85.1%

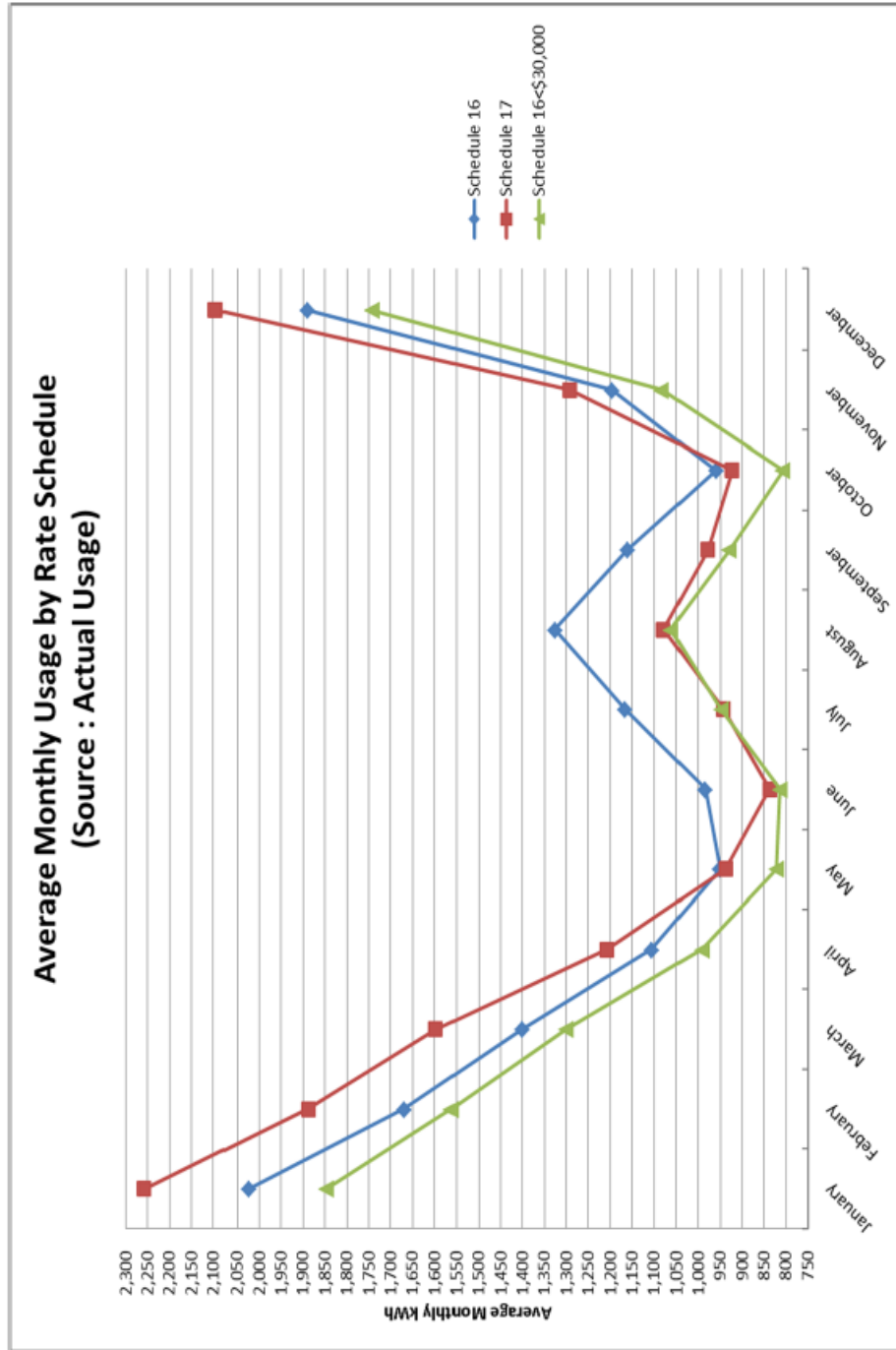
## 2014 Survey Bill Frequency by Household Size

- More bills with higher usage for households with 3 or more people

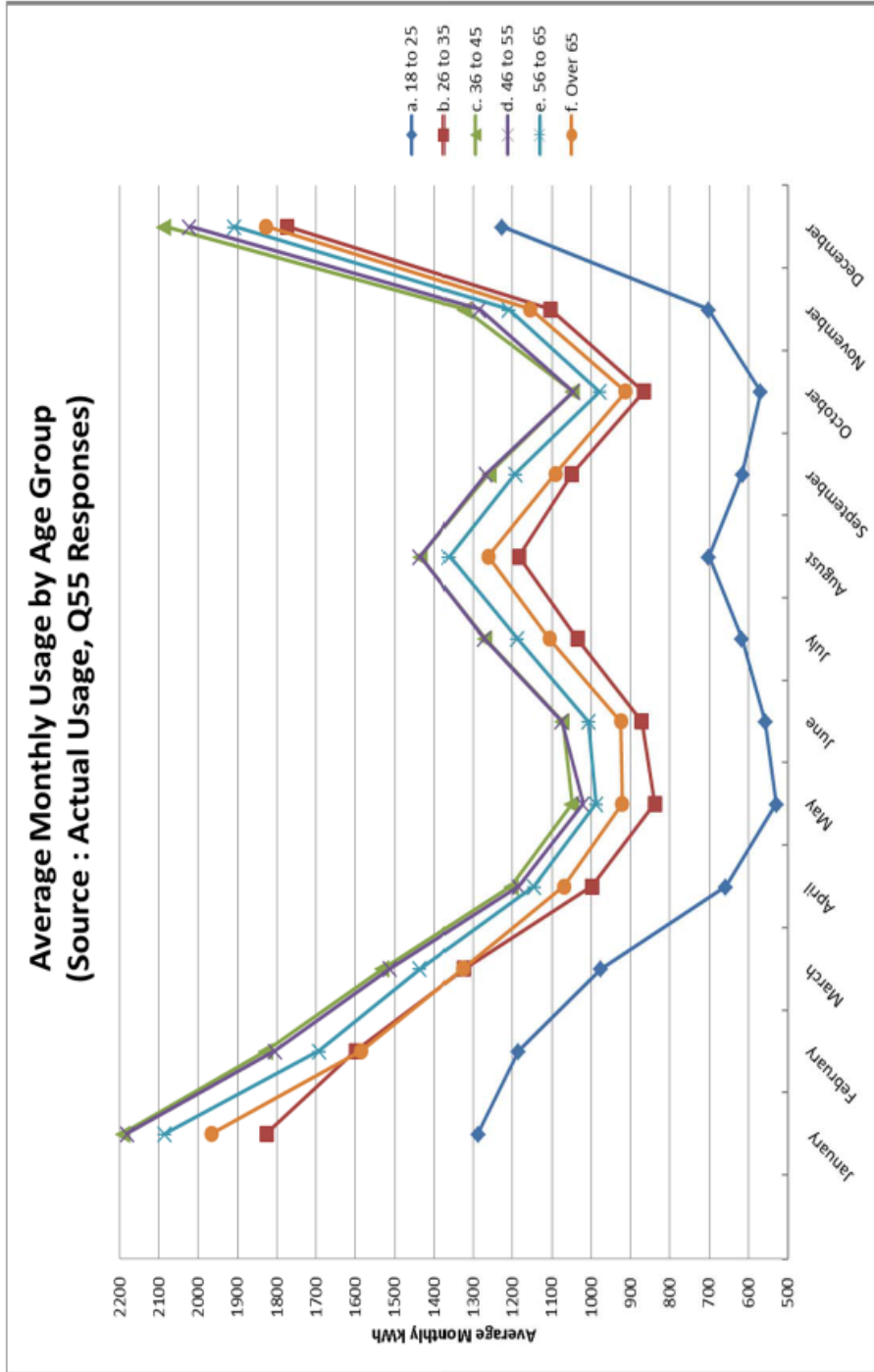
### Bill Count between 2009 and 2014

	< 3	≥ 3
0 - 800 kWh	34.9%	16.9%
800 - 1,700 kWh	43.5%	47.5%
1,701 kWh and over	21.6%	35.5%
0 - 600 kWh	20.6%	8.0%
601 kWh and over	79.4%	92.0%

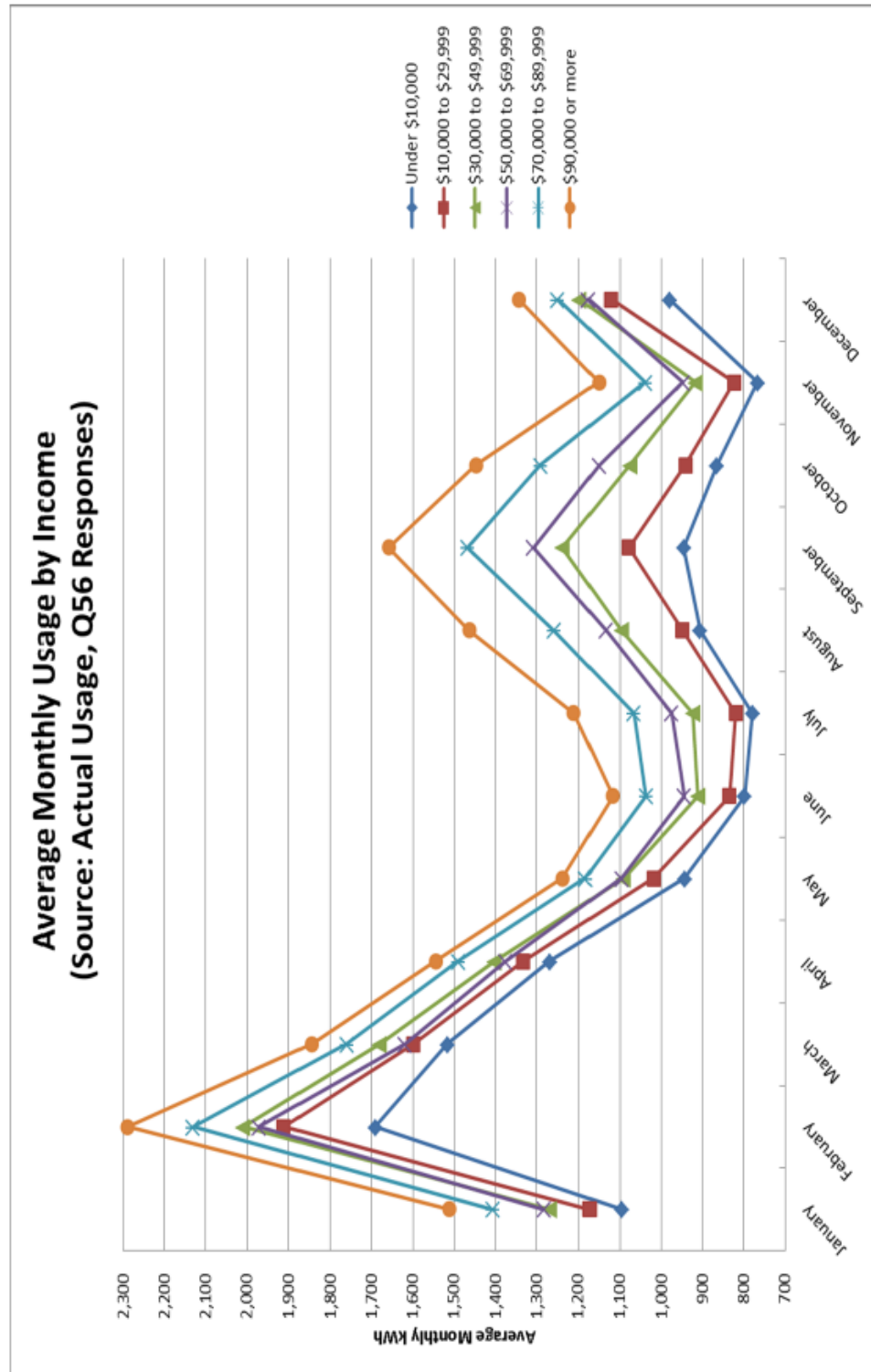
# 2014 Survey Findings



# 2014 Survey Findings



# 2014 Survey Findings





# 2014 Survey Findings

