

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23

I. INTRODUCTION

Q. Please state your name, address, and employment.

A. My name is Charles Eberdt. I am the Director of the Energy Project, 3406 Redwood Avenue, Bellingham, WA 98225.

Q. Please outline your relevant background for this matter.

A. I have been working in the field of residential energy efficiency since the mid-1970's from being trained to install solar hot water systems and building houses to educating homeowners, code officials, and builders about energy efficient building construction and systems for the Washington State Energy Office. In 1993, I began working in energy policy as it affects low income households on behalf of Washington's community action agencies in their provision of energy services funded by the Washington Department of Commerce and local utilities. I am a Board member of the National Center for Appropriate Technology (NCAT, 1996-2012) and currently sit on the board of A World Institute for a Sustainable Humanity (A W.I.S.H. I have participated in several proceedings before this Commission over the last nineteen years, including general rate cases for all the energy utilities that this Commission regulates. A brief resume is attached hereto as Exhibit No. ____ (CME-2).

Q. On whose behalf are you testifying in this proceeding?

A. I am testifying for The Energy Project which represents the interests of the OIC of Washington, the Northwest Community Action Council, and Blue Mountain Action Council, the federally designated anti-poverty organizations that provide low-income energy efficiency and bill payment assistance services in PacifiCorp's Washington service territory.

1 **II. SUMMARY OF ENERGY PROJECT’S ISSUES**

2 Q. What specific issues do you address in this case?

3 A. My testimony addresses three areas: 1) the impact of the proposed rate
4 increase on the poor and the effects of the existing 5-year plan to modify
5 PacifiCorp's Low-Income Bill Assistance ("LIBA") program, 2) the Energy
6 Project's position on the proposed modifications to the 5-year plan, and 3)
7 the Company's proposed changes to three customer service charges.

8 Q. Does the Energy Project's have any overarching position issues or concerns
9 regarding the Company's application in this case?

10 A. The company has requested a sizable revenue increase, roughly 14%, which will
11 have significant consequences for PacifiCorp’s low-income customers who
12 struggle to pay for life's basic necessities. Utility bills are often the most
13 significant bill that a typical low income family must pay every month. The
14 current trend of nearly annual general rate cases for regulated electric utilities
15 seeking sizeable rate increases has taken an increasingly heavy toll on those
16 customers who are financially at the margin in terms of their ability to pay. While
17 the 5-year plan for LIBA is of tremendous assistance to the Company's low
18 income customers, the Energy Project remains concerned about the size of the
19 rate increase in this case and the impact it will have on low income customers,
20 especially those who are unable to participate in the LIBA program. Based on the
21 foregoing, the Energy Project opposes the magnitude of the requested rate
22 increase and leaves it to other parties to address the technical aspects of revenue
23 requirement.

1 Q. What is your position on the proposed changes to LIBA?

2 A. The changes to LIBA proposed by the Company and stated in the testimony of
3 Ms. Joelle Steward seem to be consistent with the 5-year plan and, therefore, the
4 Energy Project supports them.

5 Q. Finally, what about the proposed customer charge increases?

6 A. The Energy Project opposes all three proposed increases discussed below,
7 particularly the reconnection fee which disproportionately impacts low-income
8 customers.

9 **III. ANALYSIS**

10 **1. LIBA FUNDING**

11 Q. Please briefly summarize the 5-year LIBA plan?

12 A. The 5-year plan includes the following changes to LIBA during the course of
13 the 5-year plan: 1) as a cost-cutting measure, a percentage of the Company's
14 LIBA recipients will be certified every other year, as opposed to annually; 2)
15 the program will provide assistance to additional recipients; 3) the LIBA
16 eligibility certification fee paid to the community action agencies who
17 administer LIBA will be incrementally increased, and; 4) funding for benefits
18 received by LIBA participants will be increased to twice the amount of any
19 rate increase authorized by the Commission for PacifiCorp.

20 Q. Please explain how these changes are implemented?

21 A. All of the aforementioned changes will take place every year in the form of a
22 filing by the Company around May 1 of each year. Conditions 1-3 above will
23 take place each year regardless of whether PacifiCorp is granted a rate

1 increase that year. In the event there is such an increase, the Company will
2 double the amount of the increase through the appropriate filing.

3 Q. Would you describe the Company's proposed change to LIBA in this case?

4 A. The Company's proposal is set forth in the testimony of Ms. Joelle Steward
5 (*Exhibit No. __ JRS1-T, pp. 7-9*). Ultimately, the terms and conditions of the
6 plan as approved by the Commission in Docket No. 111190, Order 07, of
7 course, prevail. PacifiCorp's proposed LIBA changes include an increase to
8 Schedule 17 (the schedule for the LIBA tariff which sets dollars per kilowatt
9 hour benefit levels and states how the necessary funding is collected from
10 the different rate classes) that is two times the average residential customer
11 increase proposed in this case the result of which is a proposed 30% increase
12 to the average LIBA participant benefit, as well as funding for the other
13 components of the 5-year plan including funding necessary to increase the
14 certification fee and provide benefits to additional participants

15 Q. Does it appear that the Company's proposed changes to LIBA in this case are
16 consistent with the 5-year plan?

17 A. Yes it does. Again, the amount of funding required of the Company must be
18 sufficient to implement all of the LIBA conditions previously outlined.

19 Q. In the event that the Commission were to authorize a lesser rate increase
20 than that which PacifiCorp is seeking in this case, would the proposed
21 increase be different than what is set forth in Ms. Steward's testimony?

22 A. Yes. The Company's proposal is based on the presumption that PacifiCorp
23 will be granted the full amount of its requested rate increase. This makes

1 sense because the Company obviously has no idea of what, if any, rate
2 increase the Commission might ultimately authorize. Because Condition No.
3 4 requires the doubling of the percentage of any rate increase authorized by
4 the Commission, the total funding increase to LIBA will vary. Regardless of
5 the outcome of this case, however, the other conditions of LIBA will still be
6 implemented and funded.

7 Q. Does the Energy Project support PacifiCorp's proposed changes to LIBA?

8 A. Yes. The Energy Project remains concerned about any rate increase for those
9 low income customers who do not receive LIBA, or any other form of
10 assistance, but acknowledges that the Company's proposed changes to LIBA
11 in its filing in this case seem to be consistent with the plan. To the extent that
12 they are and that the Company timely and properly implements them, the
13 Energy Project supports those changes.

14 **2. CUSTOMER SERVICE CHARGE INCREASES**

15 **Overview**

16 Q. Please describe your general understanding of PacifiCorp's proposed
17 customer service charge increases?

18 A. The three fee increases that the Company proposes are discussed in the
19 testimony of PacifiCorp witness Ms. Barbara Coughlin and pertain to fees
20 contained in Rule 6 of the Company's "General Rules and Regulations, and
21 Schedule 300, Charges as Defined by the Rules and Regulations." These charges
22 include: 1) the Permanent Facilities Removal Charge, 2) the Reconnection
23 Charge, and 3) the unauthorized reconnection/tampering charge.

1 Q. What is your understanding of the Company's justification for increases to
2 these charges?

3 A. Ms. Coughlin states that the Company, "after a review of the charges
4 concluded a number of them do not align with the current actual cost."
5 *Testimony of Barbara Coughlin at p. 1 (Exhibit BAC 1-T)*. Ms. Coughlin
6 explains PacifiCorp's policy of "aligning the charges with current actual
7 costs" with the result that "the costs would be paid by the cost-causer, rather
8 than by the Company's other customers." *Id. at pp. 1-2*.

9 Q. Is the "review" referred to by Ms. Coughlin contained in an exhibit or
10 otherwise included in full in her testimony?

11 A. It appears that there are no exhibits to Ms. Coughlin's testimony and I am
12 unaware of any particular documentation filed in this proceeding reflecting a
13 specific "review" by the Company of its various customer service charges.

14 Q. How is PacifiCorp proposing to make the tariff changes necessary to reflect
15 the proposed changes?

16 A. According to Ms. Coughlin: "[t]he Company proposes wording changes to
17 Rule 6, section I, *Permanent Disconnection and Removal of Company Facilities*,
18 to reflect the changes the Company is proposing to the Residential Service
19 Removal Charge in Schedule 300." *Id. at p. 2*.

20 Q. Do you have any concerns about the foregoing proposed changes?

21 A. Yes. As explained below, I have a general concern about whether all three
22 charges are factually supported, and very specific concerns about the
23 reconnection charge. The reconnection charge is the most critical to low-

1 income customers, so I will limit any detailed analysis to the proposed
2 changes to that charge.

3 **Reconnection Charge**

4 Q. What is your understanding of this fee increase?

5 A. The Company's proposed changes to this charge are found on pages 5-6 of
6 Ms. Coughlin's testimony. *Exhibit No. __ (BAC-1T)*. Ms. Coughlin provides a
7 table on page 6 of her testimony outlining the changes to the reconnection
8 charges which vary depending on day of week and time of day. My
9 understanding is that PacifiCorp is proposing to double its reconnection
10 charges on business days and more than double it on weekends and holidays.
11 According to Ms. Coughlin's testimony, the existing charge for reconnection
12 during business hours, Monday through Friday, is \$25.00. The Company
13 proposes doubling this to \$50. She further testifies that the existing
14 reconnection fee for business days, from the hours of 4:00 p.m. to 7:00 p.m.
15 ("after hours") is \$50. The Company proposes doubling that to \$100.00.
16 Incidentally, the Company apparently does not even offer reconnection
17 between the hours of 7:01 p.m. and 7:59 a.m. Finally, the Company proposes
18 more than doubling its reconnection charge on weekends and holidays from
19 the existing \$75.00 to \$175.00.

20 Q. What supporting facts does the Company offer in support of this charge?

21 A. As I've already noted, there are no exhibits to Ms. Coughlin's testimony.

22 Thus, as the record currently exists, there is nothing in the form of studies or

1 documentation supporting this customer charge increase, or the other two.

2 The Company relies solely on Ms. Coughlin's testimony.

3 Q. What then is PacifiCorp's stated rationale for the reconnection charge
4 increase?

5 A. Ms. Coughlin contends: " The cost to reconnect service for customers during
6 normal business hours is approximately \$57.00. The cost to perform this
7 work after hours ranges from approximately \$305.00 on weekdays to
8 approximately \$360.00 on weekends and holidays." *Exhibit No. __ (BAC-1T) at*
9 *p. 6.*

10 Q. Does the Company offer an explanation of why the cost to reconnect is so
11 much higher during "after hours" and on weekends and holidays?

12 A. Not in my opinion. Ms. Coughlin does break down the percentages of
13 reconnections performed and who performs them depending upon the day of
14 the week and time of the day, between "journey linemen" as opposed to "field
15 specialists," the former of whom are paid a higher hourly rate. *Id. at pp. 6-7.*
16 She also states that: "Additionally, journeyman linemen charge a minimum of
17 two hours for all after-hours reconnection work." It is unclear to me, based
18 on this statement, whether the journeyman linemen are Company employees
19 or independent contractors.

20 Q. What are your specific concerns about the proposed increases to this charge?

21 A. As alluded to earlier, my first concern is the apparent lack of evidentiary
22 support for the stated actual costs of reconnection mentioned by Ms.

1 Coughlin. My other concerns pertain to the disproportionate impact that an
2 increase to reconnection charges has on the poor which is discussed below.

3 Q. What is your opinion of the evidentiary support for the Company's proposed
4 increase to its reconnection charge?

5 A. Yes. I believe that the basis provided by PacifiCorp for increasing this charge
6 is significantly flawed. As with the proposed changes to the other proposed
7 customer service charge increases, the Company's factual basis offered in
8 support of a disconnection fee increase seems based largely on speculation.

9 Q. What support do you have for this contention?

10 A. I refer to Exhibit No. __ (CME-3) which is an Excel spreadsheet provided by
11 the Company in response to Energy Project data request No. 10 which seeks
12 "any studies or documentation supporting the actual reconnection cost
13 approximations provided by Ms. Coughlin." As is evident from the
14 spreadsheet, specifically its footnotes, it includes calculations that are based
15 on "allocations," approximated time and labor cost calculations, "averages,"
16 "minimum" charges, and a \$30 meal for lineman reconnecting during non-
17 business hours.

18 Q. Is there any other evidence that the Company's reconnection fee increase is
19 not factually supportable?

20 A. Yes. Attached hereto is Exhibit No. __ (CME-4) which is PacifiCorp's response
21 to Public Counsel data request No. 20 which seeks "all documentation for
22 reconnection work performed by field specialists and journeyman lineman"
23 during the test year. The Company responded stating, in part, that "the

1 Company does not track the total cost associated with reconnection work for
2 each individual reconnection job that is completed. The Company assigns
3 costs associated with reconnection work to a general work order that may
4 also include work associated with other collection activities, disconnection of
5 service, and non-collection related work. As a result, the Company is unable
6 to provide the total cost booked for the work performed..."

7 Q. What conclusions do you draw from the data supporting the Company's
8 reconnection fee increase?

9 A. It is evident that PacifiCorp's basis for the reconnection fee increase is based
10 on an amalgam of generalizations, allocations, averages, subjective
11 assignment of costs, inclusion of costs completely unrelated to reconnection,
12 and an assortment of other speculative and/or subjective information. As
13 stated by the Company itself, it simply does not track actual cost data for
14 residential customer reconnections without involving the foregoing
15 averaging and allocation techniques rendering the data insufficient to
16 support the proposed increase. The proposed fee increase might perhaps be
17 useful for bookkeeping or accounting purposes, but is an inadequate basis to
18 support such a large increase to such an important fee to the sizeable
19 number of PacifiCorp customers who constitute low income and who
20 struggle to pay their monthly utility bills. It is important to note that having a
21 high penalty such as this diverts whatever funds the customer might have
22 from paying the past due bill.

1 Q. Aside from lack of evidentiary support, is there something inherent in the
2 reconnection charge that causes you concern?

3 A. Yes. This proposed fee increase is the most disturbing of the three from the
4 Energy Project's standpoint and from that of low-income customers.

5 Q. Please explain why that is?

6 A. This charge applies solely to customers who fail to timely pay their bills, are
7 then disconnected, and subsequently seek reconnection. As one might
8 surmise, this fee increase will disproportionately impact low income
9 customers.

10 Q. Do you have any support for this contention?

11 A. Yes. Attached hereto is Exhibit No. __ (CME-5) is PacifiCorp's response to the
12 Energy Project's data request No. 11 which, in turn, references Energy
13 Project data request No. 9 attached hereto as Exhibit No. __ (CME-6). In its
14 data request No. 9 (Exhibit No. __ (CME-6), the Energy Project asks the
15 Company data requests based on what the Energy Project refers to as a "low-
16 income proxy group." This group is identified by the Energy Project in its
17 data request No. 9 as "the total number of PPL customers who received
18 either LIHEAP or LIBA benefits during the test year." Request No. 11 seeks,
19 among other things, the percentage of PacifiCorp's customers upon whom
20 was imposed the reconnection was imposed and that are included in the
21 proxy group, compared to the total customers.

22 Q. Why has the Energy Project based its inquiry on what you refer to as a low-
23 income proxy group?

1 A. Because it provides a group of customers who can readily be identified as
2 low-income without considerable extra effort or raising privacy concerns.

3 Q. Does the use of a low-income proxy group result in any invasion of privacy?

4 A. No. The Company already has information such as consumption data for all
5 individual residential customers and, based on any customer's physical
6 address, can collect and study that data. This process would not result in any
7 personal information about a low-income customer from being released to
8 anyone.

9 Q. How did the Energy Project come to define its low-income proxy group for
10 purposes of this proceeding?

11 A. The proxy group was defined solely for the purpose of better understanding
12 the impact of the Company's application in this case on low-income
13 customers and has been used thus far only for the purpose of data requests.
14 In those requests, the Energy Project has sought and received information
15 regarding the low-income proxy group. This is how the Energy Project has
16 defined the low-income proxy group solely for the purposes of this case.

17 Q. Does this proxy group represent actual customers and their specific data
18 relating to matters such as their usage characteristics and monthly bills?

19 A. Yes it does. The proxy group information sought and received represents
20 actual customers receiving the two forms of assistance I just mentioned.

21 Q. Does the proxy group include all low-income customers?

22 A. Absolutely not. It isn't possible to know exactly how many PacifiCorp
23 customers might qualify as "low-income" for the purposes of LIHEAP and

1 LIBA, but it is quite justifiable to assume that there are considerably more
2 low-income customers than included in the proxy group.

3 Q. If the proxy group does not include all low-income customers, why use it at
4 all?

5 A. Because it does reflect the usage of at least a percentage of PacifiCorp's low-
6 income customers and at this point in time, is the best representative group
7 that can be identified as low-income and for which there exists actual data,
8 without violating customer privacy.

9 Q. Did the Energy Project utilize the proxy group for purposes of analyzing the
10 proposed reconnection fee increase?

11 A. Yes it did.

12 Q. What, if any, information did this utilization yield?

13 A. As I noted earlier, Exhibit No. __ (CME-5) is a response by the Company to
14 Energy Project data request No. 11 in which the Energy Project sought to
15 determine roughly what percentage of PacifiCorp's low-income proxy
16 customers, as opposed to all residential customers, were subjected to the
17 existing reconnection fee during the test year.

18 Q. What conclusion does the Company's response to these data requests lead
19 to?

20 A. As the table provided by PacifiCorp demonstrates, low-income customers, as
21 defined by the proxy group, constitute approximately one-third of all
22 customers who were assessed this fee. In its data request No. 3, attached
23 hereto as Exhibit No. __ (CME-7), the Energy Project sought the total number

1 of customers in the low-income proxy group during the test year. The
2 Company's response was 8,178 customers. To the best of my knowledge,
3 PacifiCorp has at least 100,000 Washington residential customers. Thus, the
4 low-income proxy group constitutes merely 8% of all residential customers,
5 but accounts for nearly 33% of customers required to pay the reconnection
6 charge. Given that the low-income proxy group is certainly less than actual
7 low-income customers, one can fairly assume that the reconnection charges
8 are imposed even more disproportionately from the poor.

9 Q. Are there any final considerations regarding the Company's proposed
10 increase to the reconnection fee?

11 A. Yes. In case No. 130545, PacifiCorp has sought authorization from the
12 Commission to terminate its practice of attempting to contact customers at
13 their premises prior to disconnecting them for non-payment. Some low
14 income customers do not have credit cards, are without access to the
15 internet, and might even lack access to a telephone and transportation, all of
16 which constitute opportunities to pay their bills. The Company's existing
17 policy of attempting to contact customers at their premises prior to
18 disconnection is, for some customers, an important, if final, opportunity to
19 pay their bills and avoid disconnection and resulting reconnection costs. We
20 anticipate that ceasing to recover past due payments prior to disconnection
21 by means of a personal knock on the door will significantly increase the
22 number of customers each year who are disconnected and forced to pay the

1 reconnection fee. A high percentage of these customers will, undoubtedly, be
2 low-income.

3 **IV. CONCLUSION**

4 Q. Please summarize your testimony.

5 A. The Energy Project opposes PacifiCorp's 14.15 rate increase for the reasons
6 already stated. The Company does, however, appear to have made a LIBA
7 proposal that is compliant with the 5-year plan and proposes that the Company
8 provide the Energy Project and the Commission during the process of this case
9 explaining how and when the proposed changes to LIBA will occur. Finally, the
10 Energy Project opposes all three proposed customer service charge increases,
11 particularly the reconnection charge. The Company has not made an adequate
12 showing that the proposed increases will result in rates and charges that are fair,
13 just and reasonable and their proposal in this regard should be denied.

14 Q. Does that conclude your testimony?

15 A. Yes, it does.

16