

**BEFORE THE**

**WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND	)	
TRANSPORTATION COMMISSION,	)	
	)	
Complainant	)	
	)	DOCKET NO. 061546
v.	)	
	)	
PACIFICORP D/B/A PACIFIC	)	
POWER & LIGHT,	)	
	)	
Respondent.	)	
_____	)	

THE ENERGY PROJECT'S

POST-HEARING BRIEF

COMES NOW, the Energy Project and, pursuant to prior Commission Order, submits its post-hearing brief in the above-captioned matter.

In its direct case, presented through the testimony and exhibits of Charles Eberdt, the Energy Project advocated for an increase to PacifiCorp's Low-Income Bill Payment Assistance Program, otherwise known as "LIBA." Mr. Eberdt testified, without challenge by any party to this case, that "the PacifiCorp service territory has one of the highest poverty levels in the state." Exh. CME-1T.

Mr. Eberdt explained that an increase to LIBA of the magnitude discussed below is necessary for several reasons. PacifiCorp merely proposes increasing LIBA by the same percent as all rate increases approved for the company since the inception of LIBA. The LIBA program, however, was designed as a tiered rate discount to address the needs of households who were having difficulty meeting their electricity bills. The deeper the level of poverty of the household, the greater a discount it would receive. Those discounts, however, never increased from the original levels. Thus, as rates have increased, the relief the discount provides is an increasingly smaller percentage of the bill. Increasing the level of discount will improve that situation, but if that is done without a significant increase to the overall level of funding, the result will be that fewer households will receive assistance. Thus, increasing the funding simply to keep pace with past rate increases means that no additional households will be served and the programs reach is not extended. Exh. CME-1T, p.4, ll. 1-13.

Both AVISTA and PSE have low-income bill assistance programs as well. In Exhibits CME-2 and CME-3, Mr. Eberdt demonstrated that PacifiCorp's relative level of funding to its LIBA program pales in comparison to those of AVISTA and PSE, as a

percentage of base revenues. It should not be overlooked that Mr. Eberdt was relying on data from September, 2005, and since that year, both AVISTA and PSE have increased their respective levels of contribution to bill payment assistance. Exh. CME-1T, p. 4, l. 23 – p. 5. ll. 1-2. To summarize, as of September, 2005, PacifiCorp was, and continues to, fund its LIBA program at 0.24% of its gross operating revenues. By contrast, as of that same date, AVISTA funded at 0.41% and PSE at 0.64% and have subsequently increased their levels of funding. Exh. CME-1T, p.4, ll. 19-23.

Based on the disparity between the three utilities respective levels of funding, Mr. Eberdt recommended that PacifiCorp “increase the funding at least to a level in the range of that provided by AVISTA and PSE in their respective programs....” Exh. CME-1T, p. 6, ll. 5-7.

PacifiCorp responded to Mr. Eberdt’s recommendations through the rebuttal testimony of Mr. William R. Griffith. Mr. Griffith did not dispute Mr. Eberdt’s testimony or factual evidence regarding the level of poverty within the PacifiCorp service territory, the need for low-income bill assistance, or the disparity between PacifiCorp’s level of funding and those of AVISTA and PSE. Rather, Mr. Griffith, through exhibits WRG-16 and WRG-17 attempted to calculate the effect that an increase to PacifiCorp’s LIBA program, under differing scenarios, would have on the company’s total revenue requirement.

Under PacifiCorp’s proposal in this case, the increase to a residential customer’s monthly bill would increase 6 pennies per month. If AVISTA’s 2005 level of funding were adopted that increase would be 40 pennies per month and under PSE’s, 64 pennies per month. PacifiCorp notes that adopting the PSE 2005 relative level of funding would

constitute an increase of 178% over current levels. While this sounds significant, it amounts to slightly more than one-half of a dollar per month for residential customers.

Exh. WRG-17.

While PacifiCorp officially proposes a six cent per month increase<sup>1</sup> to its LIBA funding, the company clearly is looking to guidance from the Commission on precisely what the level of increase should be. In his rebuttal testimony, Mr. Griffith stated that “[t]he Company will implement any of these three approaches<sup>2</sup> as long as they are acceptable to our customers and are consistent with Commission policy.” Exh. WRG-15T, p.3, ll. 11-13.

According to Offer of Public Testimonial Exhibit No. 1, submitted by public counsel, there were 81 public comments submitted in response to PacifiCorp’s request for a general increase.<sup>3</sup> Of those, only two supported the request for an increase. Two comments were submitted to public counsel and the remainder to the Commission. While it is not feasible to attempt to summarize nearly one hundred comments, it is fair to state that the majority of them express concern about the effect that a significant rate increase will have on low-income customers. Thus, the Company’s condition that a more significant increase to LIBA would be acceptable if acceptable to its customers has been met considering that the majority of public comments received expressed support for an increase to low-income funding and none of the parties at the hearing objected to the Energy Project’s proposal.

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<sup>1</sup> For the Company’s residential class.

<sup>2</sup> Referring to the Company proposed increase to 0.29%, the AVISTA level of 0.41% and the PSE level of 0.64% of base revenues.

<sup>3</sup> This does not include comments submitted at the public hearing conducted in Walla Walla, Washington.

Regarding the Company's second condition for adopting the Energy Project's proposal that any increase in LIBA be "consistent with Commission policy." The Company has not identified what particular "policy" it is referring to but the very fact that the Commission has authorized the higher percentage levels of funding for AVISTA and PSE, it would seem patently logical that similar funding levels for PacifiCorp, by percentage, would be equally consistent with Commission policy.

It might seem a contradiction that the Energy Project is making a proposal that will increase the rates of those whom it desires to help. But the reality is that PacifiCorp's electric rates will continue to increase regardless of whether the Company funds LIBA and whether the utility increases its funding by 26%, 41% or 178%. Without a bill assistance program, the number of customers who cannot afford to pay their bills and are ultimately disconnected from the system will increase, resulting in increased system costs for all customers.

PacifiCorp's LIBA is currently grossly underfunded compared to AVISTA and PSE. Even if the Company were to increase its funding to 64 cents per month, so long as that provides assistance to low-income customers to the level of at least that much, it is worth the additional cost. The reality is that there are many customers who cannot take advantage of LIBA but would otherwise participate if they could. As this Commission is aware, PacifiCorp is currently undertaking studies of its low-income customers to determine how best to assist them and to benefit all customers in the process. As that process takes place, there will undoubtedly arise new ideas for how to fund and structure programs such as LIBA in the most beneficial manner possible. In the meantime, the Energy Project submits that there is simply no reason for PacifiCorp's level of funding to

be so drastically lower relative to AVISTA and PSE, particularly when PacifiCorp's customer service area has some of the most severely financially challenged customers. Because the Company is clearly looking to the Commission for guidance on the appropriate level of LIBA funding, the Energy Project recommends that the three utilities are in relative parity with one another. Increasing PacifiCorp's funding to match that of PSE would be of significant assistance to low-income customers and provide system-wide benefits which the Company is currently studying. At the least, funding LIBA at the relative percentage level of AVISTA would still be of substantial value.

To the extent that PacifiCorp believes that it should not fund LIBA at the same relative levels of AVISTA and PSE because its rates might be lower than the latter two utilities, this simply defies common sense. The Energy Project is not suggesting that PacifiCorp should fund equal amounts but, rather, relatively equal percentages of the company's base revenues, thus comparing apples to apples. The facts that PacifiCorp's rates might be lower means that a smaller amount of LIBA money is collected in a service area with some of the highest poverty levels in the state.

The Energy Project respectfully requests that the Commission recommend to PacifiCorp that it adhere to the foregoing recommendation adopting a funding level equivalent to that of PSE but, at the very least, equivalent to AVISTA's current funding level.

RESPECTFULLY SUBMITTED, this 23<sup>rd</sup> day of April, 2007.

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Brad M. Purdy