**Exhibit No. SMC-1T**

**Docket UE-152253**

**Witness: Shawn M. Collins**

**BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

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| **WASHINGTON UTILITIES AND**  **TRANSPORTATION COMMISSION,**  **Complainant,**  **v.**  **PACIFIC POWER & LIGHT COMPANY,**  **Respondent.** | **DOCKET UE-152253** |

**TESTIMONY OF**

**Shawn M. Collins**

**STAFF OF**

**THE ENERGY PROJECT**

***Low-Income Issues***

**March 17, 2016**

**TABLE OF CONTENTS**

I. INTRODUCTION 3

II. SCOPE AND SUMMARY OF TESTIMONY 4

III. SUBSTANTIVE DISCUSSION OF ISSUES 4

V. CONCLUSION 11

**I. INTRODUCTION**

**Q. Please state your name and business address.**

A. I am Shawn Collins. My business address is 3406 Redwood Avenue, Bellingham, WA 98225.

**Q. By whom are you employed and in what capacity?**

**A**. I am the Director of The Energy Project (TEP), a program of the Washington State Community Action Partnership housed at the Opportunity Council in Bellingham, WA.

**Q. How long have you been employed by Opportunity Council.**

**A**. I have been employed by Opportunity Council since 2006.

**Q Would you please state your educational and professional background?**

**A.** I have a BA from Eastern Illinois University and have been working on issues impacting low-income populations since 2002 through Community Action Partnership organizations and a variety of other nongovernmental entities. I have been employed with TEP for one year, and have been the Director since August of 2015. I have previously provided testimony on behalf of TEP in Dockets UE-150204/UG-150205.

Prior to my involvement with TEP, I was the Associate Director of a division at Opportunity Council responsible for the implementation of a number of weatherization programs benefitting low and moderate income households throughout northwest Washington State. Through my involvement with the energy efficiency/regulatory sector, I have attended and presented at numerous national conferences, participated in sector specific workshops and trainings, and was a board member for Home Performance Washington from 2013-2015.

**Q. On whose behalf are you testifying?**

A.I am testifying for TEP, an intervener in this proceeding on behalf of the Community Action Partnership (CAP) organizations that provide low-income energy efficiency and bill payment assistance for customers in Pacific Power & Light’s (PPL) Washington State service territory. These agencies include Opportunities Industrialization Center of Washington, Blue Mountain Action Council, and Northwest Community Action Center.

**II. SCOPE AND SUMMARY OF TESTIMONY**

**Q. What is the scope of your testimony?**

**A.** My testimony is primarily concerned with items within this rate case that impact low-income populations within PPL’s service territory. Specifically, I will address the Low-Income Bill Assistance (LIBA) program and the Low-Income Weatherization Program.

**III. SUBSTANTIVE DISCUSSION OF ISSUES**

**Q. Please summarize The Energy Project’s understanding of the general history of LIBA as well as the current funding plan for the program.**

**A.** The LIBA program was initially launched as a pilot project resulting from a Commission Order in Docket No. UE-991832 issued August 9, 2000. The pilot was crafted by stakeholders and ran for three years through April 30, 2003. A permanent LIBA program was put in place in November of 2003. A settlement between the parties in case UE-111190[[1]](#footnote-1) resulted in a 5-year plan to annually increase available funds for the LIBA program. This increase impacted the administrative fees available to the CAP agencies for the costs associated with processing low-income customers eligibility documentation for LIBA assistance. During each of the five years, there is a $2.50 increase paid to the CAP organizations for each customer certified as eligible for LIBA, with a maximum of $75.00 per certification by 2016. This increase in the certification fee occurs each year regardless of any other LIBA program modifications.

The 5-year plan also increased the number of customers eligible for LIBA certification by 10% beginning in the year 2012, with a total of 25% of all eligible customers being certified by the year 2015. For the 2015-2016 and 2016-2017 program years (November–April), there will be 4,720 participants certified; 1,181 of whom are expected to be certified for two years[[2]](#footnote-2).

**Q. What was the direct result of the 5-year budget increase to low-income households receiving LIBA program benefits?**

**A.** Program benefits to each customer participating in LIBA have been increased to two times the percentage increase of residential rates resulting from any general case increases between 2013 and 2016, as ordered by the Commission. It is important to note however, that in the testimonies filed in PPL's last rate case in 2014[[3]](#footnote-3), including that of Staff witness Roger Kouchi, it was stated that it is highly likely that the "proxy group" used to analyze the impact of various measures on low-income customers only affected approximately 5.6% of actual low-income customers.

**Q. What are the implications of serving a 5.6% of the total customer base when one goal of the LIBA funding increase is to serve 25% of the total eligible customers?**

**A.** Basing program design and budgetary decisions on data that significantly underestimates the size of the low-income population in PPL territory could severely limit access to vital service for those in need by misaligning available resources with the actual need in the communities served by PPL. TEP believes that there should be a comprehensive understanding of the size and specific needs of the low-income population. A well structured study would provide this information.

**Q. What are the timeframes that LIBA operates throughout the calendar year?**

**A.** Each year, the program year runs from November to April.

**Q. What is TEP’s understanding of the process by which the Company makes annual funding adjustments to the LIBA Program as outlined in the rate case** **UE-111190?**

**A.** The Company will file for an increase annually, around May 1, for the Schedule 91 surcharge, which funds the LIBA program. This adjustment will reflect the increased funding as outlined in the cited rate case. The Schedule 91 surcharge increases will be applied on an equal percentage basis to all rate schedules.

**Q. What is TEP’s response to the testimony of Joelle R. Steward concerning future modifications to the LIBA program?**

**A.** For this rate case, The Energy Project agrees with the testimony of Joelle R. Steward on behalf of PPL pertaining to the funding increase to LIBA through April 30, 2017:

“For May 1, 2016, the Company has applied an increase to Schedule 17 credits that is two times the average residential customer increase, which results in a 5.98 percent increase to the average LIBA participant benefit. The proposed Energy Rate Credits are shown in Exhibit No. JRS-2. The Company also proposes to apply a 5.98 percent increase to the average LIBA participant benefit for the May 1, 2017 increase, which is shown in Exhibit No. JRS-3.[[4]](#footnote-4)”

**Q. Why do you believe it is necessary to make modifications to the LIBA program?**

**A.** Any increase in energy costs puts low-income households who are already struggling to pay their bills in further jeopardy of bill nonpayment, utility service disconnection, and other financial hardships. If the program funding remains stagnant, the result will be that fewer clients will receive assistance. The Energy Project has seen firsthand the positive impact of the five-year funding plan established with Docket UE-111190[[5]](#footnote-5), and strongly advocates for a similar approach to addressing the long-term funding strategy for the LIBA program. Furthermore, as the needs of low-income populations in PPL’s service territory change and become better understood, modifications within the program can be implemented which will better serve those in need.

**Q**. **How do you propose to go about creating modifications to the LIBA program?**

**A.** TEP agrees with PPL’s approach to addressing the continuing need for LIBA. As stated in the testimony of Joelle Steward,

“The Company will convene a stakeholder group to discuss any additional program changes to be effective beginning with the 2017-2018 winter heating season, in conjunction with the end of the five-year plan.[[6]](#footnote-6)”

**Q**. **Would you make any modifications to the approach outlined in the testimony of Joelle Steward?**

**A.** Yes, TEP suggests that the stakeholder group be tasked with not only addressing the LIBA Program, but also PPL’s Low-Income Weatherization Program. The PPL Low-Income Weatherization Program has some critical program design barriers that need to be overcome in order for low-income households to most effectively benefit. TEP also recommends that a deadline of January 31, 2017 be adopted for the submission to the UTC Commission of a completed comprehensive funding and program modification recommendation report for both LIBA and Low-Income Weatherization Program. It is our desire to see program modifications implemented by May 1, 2017, which coincides with the completion of a five-year funding plan authorized by case UE-111190. We also recommend a professional facilitator be hired for the stakeholder collaborative.

TEP also strongly recommends that funding and a timeline be established for a study that would address the Commission’s stated expectation for, “the Company and others to continue developing data and undertaking analyses of low-income customer usage patterns in Pacific Power’s service territory.  These can inform thoughtful consideration in testimony in the Company’s next general rate case concerning the price signals a third block rate design will likely have on such customers.[[7]](#footnote-7)”

Through initial research that TEP has conducted, we have begun compiling cost estimates for a study to determine the total number of low-income customers residing in PPL’s service territory. In additional to simply knowing the total number of low-income households reside within PPL territory, TEP is also interested in determining what the usage patterns of this population are. The result of the comprehensive study would be to provide a solid understanding of what the impacts of the current LIBA program are, as well as inform all parties as to how potential changes in the rate structure may impact this at risk population.

**Q. What is TEP’s response to the revenue requirement increase and rate spread proposed by the Company?**

**A.** The Energy Project is naturally concerned about the impact that any rate increase will have on PPL’s low-income customers. Additionally, PPL is proposing a higher rate increase in this case for the residential class than the average class increase. Utility bills are a significant monthly expense for low-income households to pay. The current trend of nearly annual general rate cases for regulated electric utilities seeking sizeable rate increases has taken an increasingly heavy toll on those customers who are financially at the margin in terms of their ability to pay. While the 5-year plan for LIBA is of tremendous value to the PPL's low-income customers, TEP remains concerned about the frequent rate cases and the cumulative toll this takes on low-income customers, especially those who are unable to participate in the LIBA program.

**Q. Would TEP please provide a summary of their testimony in this filing?**

**A:** TEP supports this year's LIBA modifications as calculated by PPL witness Joelle Steward. TEP believes that, as the Commission has previously made clear, LIBA is an essential program for helping low-income customers who are struggling to stay connected to their electric utility service. TEP believes that additional LIBA modifications need to be made and would best be done in a stakeholder collaborative. TEP also believes that it is time to revisit PPL's Low-Income Weatherization Program and proposes doing so as part of the collaborative for LIBA proposed by PPL. It is also TEP's position that there has not been any significant effort on behalf of PPL to engage in obtaining the type of low-income data identified by Charles Eberdt in his testimony for UE-140762. The lack of accurate data will lead to unintended negative consequences and places the Commission in a difficult position in trying to make important decisions pertaining to rate design and low-income bill assistance. TEP respectfully submits that the Company be ordered to finance and fully cooperate in a study designed to provide the Commission with the information that it needs.

**V. CONCLUSION**

**Q. Does this conclude your testimony?**

**A.** Yes.

1. *Wash. Utils. & Transp. Comm’n v. PacifiCorp*, Docket UE-111190, Order 07, (Mar. 30, 2012). [↑](#footnote-ref-1)
2. Docket UE-152253, Testimony of Joelle R. Steward, Exhibit JRS-1T (page 8, Lines 7-11) [↑](#footnote-ref-2)
3. Docket UE-140762, Testimony of Roger Kouchi (page 9, Lines 1-6) [↑](#footnote-ref-3)
4. Docket UE-152253, Testimony of Joelle R. Steward, Exhibit JRS-1T (pages 8-9) [↑](#footnote-ref-4)
5. *Wash. Utils. & Transp. Comm’n v. PacifiCorp*, Docket UE-111190, Order 07, ¶ 17 (Mar. 30, 2012). [↑](#footnote-ref-5)
6. Docket UE-152253, Testimony of Joelle R. Steward, Exhibit JRS-1T (page 9) [↑](#footnote-ref-6)
7. UE-140762, Order 8 pp. 93, ¶ 219 [↑](#footnote-ref-7)