

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

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

4 Q. Are you the same Charles Eberdt who previously filed testimony in this proceeding?

5 A. Yes I am.

6 Q. Were your qualifications contained in that prior testimony?

7 A. Yes, they were.

8 Q. What is the purpose of this cross-answering testimony?

9 A. I want to state the Energy Project's objection to Staff witness Christopher T. Mickelson's
10 proposal to change PacifiCorp's existing residential rate design structure. Specifically,
11 the Energy Project opposes Mr. Mickelson's proposal to change the first tier block to
12 include consumption from 0-600 kWh to 0-800 kWh and his proposal to add a third tier.¹

13 Q. Would you please state the basis for your objections?

14 A. Yes. Though the relevant information upon which I am relying and that I have reviewed
15 is limited, and the matter not yet thoroughly analyzed, it is my impression that the rate
16 design changes could adversely unduly and unfairly affect the Company's low-income
17 customers, and the consequence in some cases might be considerable.

18 Q. Please explain what information you're referring to?

19 A. The Energy Project previously submitted a number of discovery requests to PacifiCorp in
20 this case seeking information about the consumption habits of low-income customers and
21 the potential bill impacts to those customers if residential rate design changes of the
22 nature proposed by Mr. Mickelson are implemented.

23 Q. What is your conclusion regarding those consequences?

¹ See, Exhibit No. ___ CTM1T at pp. 33-35.

1 A. It is too early to be certain. Though the information provided by the Company will prove
2 to be useful, the Energy Project has had neither the time nor resources to fully vet this
3 issue. Furthermore, such an analysis should be done in collaboration with other parties,
4 especially the Company and individuals such as Mr. Mickelson.

5 Q. Have you gleaned enough from the data provided thus far to form a basis for objecting to
6 Mr. Mickelson's proposal?

7 A. Yes. It appears, perhaps contrary to dated assumptions, that low-income customers
8 consume more energy than their now-low income, residential counterparts.

9 Q. If this is the case, why does Mr. Mickelson's proposal concern you?

10 A. I base my conclusion on simple logic and arithmetic. If the Company is authorized to
11 recover a set amount of revenue requirement from the residential class and has two rate
12 tiers, as is currently the case, and if that class' existing two-tiered rate design is changed
13 such that the first consumption block is increased in terms of Kilowatt hours which are
14 priced at a lower rate than the second consumption tier, then more of the revenue
15 requirement must be obtained from the higher tier (or tiers if a third tier is added).
16 Because low-income customers appear to be higher consumers, they are likely to occupy
17 the higher tier(s) and will end up with higher monthly bills because of the shifting of
18 revenue requirement recovery on to those higher users.

19 Q. Do you have any studies or analyses that support your contention?

20 A. Not yet. As I stated earlier, it is my opinion that this matter is far from fully assessed and
21 that such an assessment should be embarked upon in a collaborative manner. It is further
22 my opinion that, for the same reason, it is premature to alter the Company's existing

1 residential class rate design as proposed by Mr. Mickelson until such assessment has been
2 made.

3 Q. Are you able to quantify the impact that Mr. Mickelson's proposal would have on
4 PacifiCorp's low-income customers?

5 A. No, and for the reasons already stated. First, the limited data that the Energy Project has
6 received thus far was based on a "proxy group" consisting of those customers who
7 receive some form of bill assistance or low-income weatherization. Needless to say, this
8 proxy group is vastly smaller than the actual number of PacifiCorp customers who
9 otherwise qualify as "low-income" using, for example, the standard for qualification
10 under the LIHEAP program.

11 Q. The limited data notwithstanding, what is your primary concern?

12 A. My biggest concern is that if low-income customers as a whole occupy the highest
13 consumption levels of the Company's residential class, then shifting rate recovery on to
14 those higher users could have literally devastating consequences for families who are,
15 financially, already on the razor's edge of their ability to pay their electric bill. It is
16 generally understood that low-income customers have relatively little "discretionary
17 usage." Their financial situation simply does not allow for such luxury. The reason that
18 these customers are relatively high users is that they typically live in poor housing stock
19 that is not sufficiently weatherized and that relies on electric baseboard heating. These
20 two factors alone explain the majority of possible reasons that the poor use relatively
21 more electricity.

22 Q. Are there other concerns you have?

1 A. Another concern is the interplay between consumption and eligibility under the
2 Company's low-income bill assistance program (LIBA). It is possible that, if Mr.
3 Mickelson's recommendations are approved, it could result in certain customers no longer
4 receiving LIBA benefits. It certainly will offset, and possibly override, LIBA benefits if
5 a LIBA recipient's bill is significantly increased due to a rate design change such as that
6 proposed by Mr. Mickelson.

7 Q. What is your recommendation for the Commission then?

8 A. I recommend that the Commission decline to adopt Mr. Mickelson's rate design proposal
9 at this time, to the extent that it relates to changing the consumption amounts of the
10 existing two tiers or adding a third tier, and direct the parties to engage in collaborative
11 discussions to fully analyze and assess the impact that residential rate designs of this
12 nature have on the poor before any residential rate design changes of this nature are
13 approved.

14 Q. Does that conclude your testimony?

15 A. Yes it does.

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