Fairness for Low Income Customers in Rate Setting – The Role of the PSC

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Overview

• The Legal Framework
• A Fair Process
• Intervenor Overview
• Specific Impact Issues
• Multiparty Litigation and Settlement
• Other Avenues
The Legal Framework

- Rates must be “fair, just, reasonable, and sufficient.”
- The PSC must regulate “in the public interest”
- Affordability - Revised Code of Washington 80.28.074 states:

  The legislature declares it is the policy of the state to:
  (1) Preserve affordable natural gas and electric services to the residents of the state;
  (2) Maintain and advance the efficiency and availability of natural gas and electric services to the residents of the state of Washington;
  (3) Ensure that customers pay only reasonable charges for natural gas and electric service;
  (4) Permit flexible pricing of natural gas and electric services.
The Legal Framework

- State law may expressly authorize PSCs to establish low-income programs and collect costs in rates.

**RCW 80.28.068**

*Rates—Low-income customers.*

Upon request by an electrical or gas company, or other party to a general rate case hearing, the commission may approve rates, charges, services, and/or physical facilities at a discount for low-income senior customers and low-income customers. Expenses and lost revenues as a result of these discounts shall be included in the company’s cost of service and recovered in rates to other customers.

- Old legal barriers - “no preference” statutes.
A Fair Process – An Uphill Battle
A General Rate Case (GRC) before a PSC is a quasi-judicial process with legal rights for participants:

- the right to do **discovery**
- the right to put on **evidence** and file legal **briefs**
- the right to **cross examine** the Company witnesses and other parties under oath
- the right to have a **written decision based on the record**
- the right to **appeal**
A Fair Process - Intervention

Get a seat at the table (file a Petition to Intervene)

- Low income organizations and advocates are generally allowed to “intervene” and become full parties, although there may be opposition.

- Intervenor funding may be available in some states to help with the cost.

- Public comment hearings - direct public connection with commissioners.
Intervenor Overview

• Brief history and role of the Energy Project as an intervenor in Washington State Utility and Transportation Commission utility proceedings
  • Consultation with Community Action Partnership organizations
  • Communication with other advocated and trade associations
  • Engagement in energy assistance, low-income weatherization, and consumer protection issues
  • Ongoing participation in utility advisory groups
• Preserve/Leverage funds
• Build agency capacity
• Design/re-design programs
• Develop new programs
• Advocate for better energy policies that affect Low-Income
• Network, educate, negotiate
Including LI Programs in Rates

• Why is low income support a legitimate cost to include in customer rates?

• Benefits of Low-Income utility assistance programs:
  • Cost savings associated with reducing bad debt
  • Reduced expenses associated with disconnection/reconnections
  • Improved customer relations
  • Increased utility bill affordability (through LiWx and energy assistance)
  • Leveraged state and federal dollars (through LiWx and energy assistance)
  • Improved payment behavior/stablizing revenue
Including LI Programs in Rates

Types of low-income utility assistance programs

- Bill Assistance
- Rate Discount
- Payment Programs (budget billing)

- Energy Efficiency
- Arrearage Management
- Senior/disabled/fixed income programs
Specific Issues Affecting Low-Income Customers: Offense and Defense in the Rate Case

- Low-income program funding levels
- Low-income program operations issues (eligibility, outreach)
- Rate Design - the “customer charge” (aka “basic”, “monthly”), inverted block rates
- Automated Meters - automatic disconnection
- Customer Service and Service Quality - automation
- Residential rates -- selected “revenue requirement” issues
Multiparty Rate Case Litigation

- Other parties: Office of Consumer Counsel, environmental organizations, PSC Staff, other community and public interest groups, industrial and commercial customers.

- Alliance opportunities: cosponsor a witness
  - With OCC on AMI
  - With environmental groups on high fixed charges

- Multiparty settlements - do you have leverage?
If the shoe doesn’t fit - other avenues

• Collaboratives: PSC can order parties to establish a working group to address an issue and bring back a recommendation. (example - Avista collaborative)

• Agency rulemaking: Works well for consumer protection issues such as disconnection rules. Low-income advocates can initiate by petition.

• Agency policy dockets, PSC Staff investigations
Conclusion and Questions

• As Woody Allen said “80 percent of success is showing up”

• Participation makes it more likely the PSC will do the right thing for low income consumers.

• Questions?
References

- Just, fair, reasonable, and sufficient - Revised Code of Washington (RCW) 80.28.010
- Regulation in the public interest - RCW 80.01.040
- Affordability - RCW 80.28.074
- Low-income rates - RCW 80.28.068
- Intevenor funding - Oregon Revised Statute 757.072