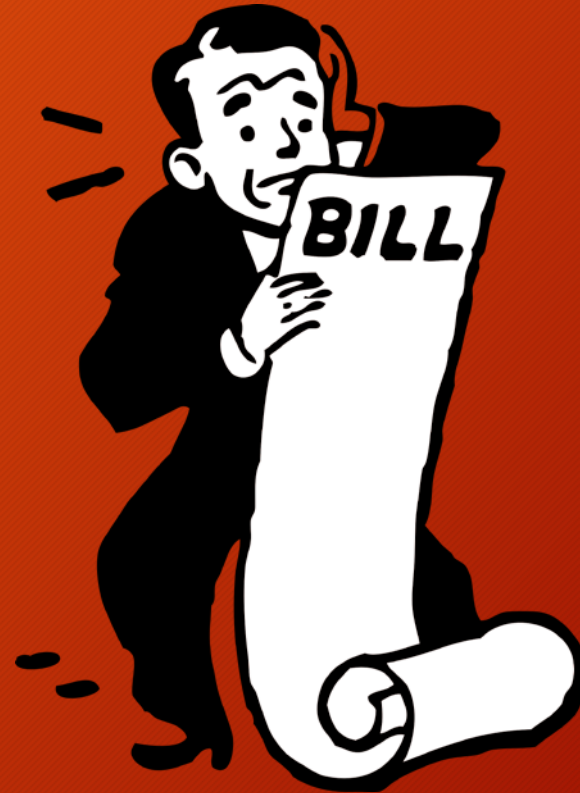


# Fairness for Low Income Customers in Rate Setting – The Role of the PSC

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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 Fair Process – Levelling the Playing Field

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
- Intervention - Washington Administrative Code 480-07-355; *Cole v. Washington Utilities & Transportation Commission*, 79 Wn2d 302, 485 P2d 71 (1971)
- Contested Intervention - *Pennsylvania PUC v. Philadelphia Gas Works*, R-2017-2586783, Prehearing Order No. 2, April 7, 2017
- Intevenor funding - Oregon Revised Statute 757.072