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TOOL: MODEL TESTIMONY

# Fixed Charge Testimony

The Energy Project, WA

Weatherization Leveraged  
Partnerships Project



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**I. INTRODUCTION/QUALIFICATIONS**

- Q. Please state your name, address, and employment.
- A. My name is Charles Eberdt. I am the Director of the Energy Project, 3406 Redwood Avenue, Bellingham, WA 98225.
- Q. Please outline your relevant background for this matter.
- A. I have been working in the field of residential energy efficiency since the mid-1970's from being trained to install solar hot water systems and building houses to educating homeowners, code officials, and builders about energy efficient building construction and systems for the Washington State Energy Office. In 1993, I began working in energy policy as it affects low income households on behalf of Washington's community action agencies in their provision of energy services funded by the Washington Department of Commerce and local utilities. I was a Board member of the National Center for Appropriate Technology (NCAT) from 1996-2012, and currently sit on the board of A World Institute for a Sustainable Humanity (A W.I.S.H.). I have participated in several proceedings before this Commission over the last twenty years, including general rate cases for all the energy utilities that this Commission regulates. A brief resume is attached hereto as Exhibit No. \_\_\_\_ (CME-2).
- Q. On whose behalf are you testifying in this proceeding?
- A. I am testifying for The Energy Project which represents the interests of the Opportunities Industrialization Center (OIC) of Washington, the Northwest Community Action Council, and Blue Mountain Action Council, the federally designated anti-poverty organizations that provide low income energy efficiency and bill payment assistance services in PacifiCorp's Washington service territory.

1                   **II.      SUMMARY OF ENERGY PROJECT’S ISSUES**

2    Q.    What specific issues do you address in this case?

3    A.    My testimony addresses: 1) the Company's proposed changes to its Low Income  
4    Bill Assistance (LIBA) program; 2) the proposed changes to the Rule 11D "Field  
5    Visit" charges; 3) proposed increases to the Schedule 300 customer service  
6    charges related to connections and reconnections; 4) proposed changes to the  
7    manner in which PacifiCorp recovers its collection charges incurred in attempting  
8    to recover unpaid accounts, and 5) the proposed increase in PacifiCorp's basic  
9    monthly residential charge.

10   Q.   What is the Energy Project’s overall response to the revenue requirement increase  
11   and rate spread proposed by the Company?

12   A.    The Energy Project is naturally concerned about the impact that any rate increase  
13   will have on PacifiCorp’s low income customers. In addition, the Company is  
14   proposing a higher rate increase in this case for the residential class than the  
15   average class increase. Utility bills are often the most significant monthly  
16   expenses that a typical low income family must pay. The current trend of nearly  
17   annual general rate cases for regulated electric utilities seeking sizeable rate  
18   increases has taken an increasingly heavy toll on those customers who are  
19   financially at the margin in terms of their ability to pay. While the 5-year plan for  
20   LIBA is of tremendous assistance to the Company's low income customers, the  
21   Energy Project remains concerned about the frequent rate cases and the  
22   cumulative toll this takes on low income customers, especially those who are  
23   unable to participate in the LIBA program. The added impact that the Company’s

1 other proposals, outlined earlier, will have on low income customers exacerbate  
2 my concerns.

3 Q. Based on your concerns, is the Energy Project taking any specific position on  
4 revenue requirement or rate spread issues in this proceeding and the myriad issues  
5 contained within those subject matter areas?

6 A. No. Due to constraints on its ability to challenge every facet of most general rate  
7 cases, The Energy Project must limit its focus to those aspects of PacifiCorp's  
8 filing that are particularly detrimental or relevant to its low income customers and  
9 will leave it to other parties to address the technical aspects of revenue  
10 requirement and rate spread. As discussed below, I will address the proposed  
11 increase to the Basic Monthly Charge component of rate design.

12 **III. ANALYSIS**

13 **A. Low Income Bill Assistance (LIBA)**

14 Q. Please briefly summarize the 5-year LIBA plan?

15 A. The 5-year plan, approved in Docket 111190, Order 07, includes the following  
16 changes to LIBA during the course of the 5-year plan: 1) as a cost-cutting  
17 measure, a percentage of the Company's LIBA recipients will be certified every  
18 other year, as opposed to annually; 2) the program will provide assistance to  
19 additional recipients; 3) the LIBA eligibility certification fee paid to the  
20 community action agencies who administer LIBA will be incrementally increased,  
21 and; 4) funding for benefits received by LIBA participants will be increased to  
22 twice the amount of any rate increase authorized by the Commission for  
23 PacifiCorp.

1 Q. Would you describe the Company's proposed change to LIBA in this case?

2 A. The Company's proposal is set forth in the testimony of Ms. Joelle Steward  
3 (Exhibit No. \_\_ (JRS1-T) ,pp. 26-28. Ultimately, of course, the terms and  
4 conditions of the plan as approved by the Commission in Docket No. 111190,  
5 Order 07 prevail and the Company's LIBA proposal must comply with that Order.  
6 PacifiCorp's proposed LIBA changes include an increase to Schedule 17 (the  
7 schedule for the LIBA tariff which sets dollars per kilowatt hour benefit levels  
8 and states how the necessary funding is collected from the different rate classes)  
9 that is two times the average residential customer increase ultimately granted by  
10 the Commission, as well as funding for the other components of the 5-year plan  
11 including funding necessary to increase the certification fee and provide benefits  
12 to additional participants

13 Q. Does it appear that the Company's proposed changes to LIBA in this case are  
14 consistent with the 5-year plan?

15 A. Yes it does. Again, the amount of funding required of the Company must be  
16 sufficient to implement all of the LIBA conditions previously outlined.

17 Q. Does the Energy Project support PacifiCorp's proposed changes to LIBA?

18 A. Yes. While The Energy Project remains concerned about any rate increase for  
19 those low income customers who do not receive LIBA, or any other form of  
20 assistance, it acknowledges that the Company's proposed changes to LIBA in its  
21 filing in this case seem to be consistent with the 5-year LIBA plan and  
22 Commission Order approving that plan. To the extent that they are and that the

1 Company timely and properly implements them, the Energy Project supports  
2 those proposed changes.

3 **B. CUSTOMER SERVICE CHARGE INCREASES (Schedule 300).**

4 **1. Rule 11D: Field Visit Charge**

5 Q. Please summarize your concerns regarding the Company's proposed Field Visit  
6 charge.

7 A. PacifiCorp currently has in place Rule 11D which allows it, under certain  
8 circumstances, to assess a charge whenever Company personnel are dispatched to  
9 a residence to disconnect service. Company witness Barbara Coughlin testified  
10 that the Company seeks to "modify" Rule 11D to add "clarifying language"  
11 regarding when a field visit charge will be assessed. Exh. No. \_\_ (BAC-1T), pp.  
12 4-5. Specifically, the Company wishes to alter the language contained in Rule  
13 11D to include the underlined section below:

14 The Company may assess the Customer the Field Visit Charge  
15 shown on Schedule 300 when payment is collected at the service  
16 address or when the employee, without receiving payment, does  
17 not disconnect due to an action by the Customer or at the  
18 Customer's request. The employee accepting payment for a  
19 delinquent account at the service address will not dispense  
20 change for payment tendered in excess of the amount due or  
21 owing. Any excess payment shall be credited to the Customer's  
22 account.  
23 Id., Ins. 10-17.  
24

25 Q. Did Ms. Coughlin or the Company provide any insight or context to explain when  
26 an action by the customer somehow prevents disconnection?

27 A. Ms. Coughlin provides the following four general examples which: "[I]nclude,  
28 *but are not limited to*, the customer not providing safe, or unobstructed access to

1 the meter, the customer becoming hostile or threatening towards the employee,  
2 the customer's electrical facilities being in an unsafe condition, or the customer  
3 providing the field metering specialist a receipt for payment." Exhibit No. \_\_\_\_  
4 (BAC1-T) p. 4, lns. 21-26. [Emphasis added].

5 Q. What are your concerns about the examples provided by Ms. Coughlin?

6 A. In addition to my concern that the modification to the rule are open-ended and  
7 vague, I have specific concerns regarding two of the specific examples cited by  
8 Ms. Coughlin justifying imposition of a field visit charge. First, the example  
9 where a customer's "electrical facilities" are "in an unsafe condition" presents a  
10 potential dilemma for customers who rent their premises. The majority of low  
11 income customers cannot afford to own their own homes and must rent. A renter  
12 may not have authority or control over the extent to which the electrical facilities  
13 of the premises they reside in are in an unsafe condition. To impose a field visit  
14 charge on a customer whose landlord has not properly maintained the electrical  
15 facilities in a safe condition, would be unfairly punitive and misdirected.

16 Q. Do you have a proposal to address this situation?

17 A. The Company could obviously make an attempt to determine whether the  
18 premises are rented, including by simply asking the customer, and then contact  
19 the owner to address the problem. The Company could also cross-reference the  
20 account holder's name against the property owner of record or even inquire about  
21 ownership when new accounts are opened and/or connection requests are made.  
22 If the problem is not then corrected by the property owner, the utility should  
23 contact the governmental entity that would have authority to enforce correction of

1 the unsafe condition. Regardless, the Energy Project opposes adding to a  
2 customer's energy burden for something they have no control over or  
3 responsibility for.

4 Q. What is the second concern you referred to?

5 A. Ms. Coughlin's testimony that the field visit charge should be imposed when "the  
6 customer provid[es] the field metering specialist a receipt for payment" is  
7 confusing and cannot be properly responded to without making assumptions. If  
8 this statement refers to situations where the customer has already paid their past  
9 due bill and provides the field specialist with a receipt proving such payment, then  
10 no disconnection should take place and the field specialist should not have been  
11 dispatched to begin with. PacifiCorp is able to very quickly note the receipt of  
12 payment by a customer and transfer that information to its field specialists which  
13 would make a trip to the customer's house unnecessary. If Ms. Coughlin means  
14 something else, then her testimony is simply too unclear to respond to. Either  
15 way, this is not an appropriate scenario under which imposition of a field visit  
16 charge is justified and the Energy Project opposes the imposition of a field visit  
17 charge under the two scenarios I've discussed.

18 **2. Connection and Reconnection Charges.**

19 **i. General Concerns**

20 Q. Do you have objections to the Company's proposed connection and reconnection  
21 charges?

22 A. Yes. It is only through the use of assumptions and the cobbling together of Ms.  
23 Coughlin's testimony and Data Request Responses that I can even try to



1 understand the distinction between the connection charges and the reconnection  
2 charges discussed in her testimony as well as how the Company charges its  
3 customers for connection and reconnection under varying circumstances.

4 For example, Ms. Coughlin testified that: " A connection charge is  
5 assessed when an applicant applies for service at a location previously  
6 disconnected and requests that the Company connect service outside normal  
7 business hours." Exh No. \_\_ (BAC-1T), p. 13, lns. 15-18. In response to the  
8 Energy Project's Data Request No. 46 (Exh No. \_\_ (CME-3)), sponsored by Ms.  
9 Coughlin, the Company states that "if a customer is disconnected for nonpayment  
10 and requests to reconnect service at the same location within 20 days of the  
11 disconnection, the request would be considered a reconnection of service and the  
12 reconnection charge would apply. However, if the customer's request is made by  
13 a new applicant, the Company treats the request as a new application for service  
14 and the applicable connection charge applies." It is not clear if the "applicable  
15 connection charge" is one and the same as that described in Ms. Coughlin's  
16 testimony.

17 Ms. Coughlin further testifies that: " A reconnection charge is assessed  
18 when a customer has been disconnected due to default or non-payment of their  
19 energy bill and later requests reconnection of service. The Company's  
20 reconnection charges include the costs associated with both disconnecting and  
21 reconnecting the service." Exh No. \_\_ (BAC-1T) p. 15, lns. 1-8.

22 Q. What conclusions are you able to reach based on this information?

1 A. As far as I'm able to ascertain, a customer who is disconnected for non-payment,  
 2 has 20 days to reconnect and will pay the reconnection fees, which include  
 3 disconnection costs. After the 20 day period, the customer must submit a new  
 4 application for service and the "applicable connection charge applies," whatever  
 5 that is.

6 **ii. Impact and Magnitude of Connection and Reconnection**  
 7 **Charges**

8 Q. What does the Company propose as an increase to its connection charges?

9 A. The Company proposes the following increases set forth in a table on p. 14 of Ms.  
 10 Coughlin's testimony:

Connection Time	Current Connection Charge	Proposed Connection Charge
Monday-Friday, 8:00 a.m. to 4:00 p.m. (excluding holidays)	No Charge	No Charge
Monday-Friday, 4:00 p.m. to 7:00 p.m.	\$75	\$160
Weekends and Holidays, 8:00 a.m. to 7:00 p.m.	\$175	\$295

11  
 12 As shown, the Company proposes increases ranging from slightly more to slightly  
 13 less than 100%.

14 Q. What is the Company's proposal for increasing its reconnection charges?

15 A. The Company's current reconnect charges and proposed increases are found on p.  
 16 15 of Ms. Coughlin's testimony as follows:

Days/Times	Current Charge	Proposed Charge
Normal Bus. Hrs, Mon-Fri., 8:00 a.m.-4:00 p.m.	\$25	\$50
M-F 4:00 p.m. to 7:00 p.m.	\$50	\$175
Weekends and holidays (8:00 a.m.-7:00 p.m.)	\$75	\$310

1 Q. What particular concern does this cause you from the perspective of low income  
2 customers?

3 A. My first concern is that it isn't really clear which of the tables is applied in a  
4 particular case. I'm also concerned about the magnitude of the proposed  
5 connection and reconnection charge increases which range from 100% to more  
6 than 400%. Increases of this magnitude for any charge, rate or fee are rather  
7 extreme, particularly when the cost involved will almost certainly have an impact  
8 on the poor. In addition to the magnitude of the proposed increase, the fact that  
9 the Company's "normal" business hours are quite limited creates a problem  
10 particularly vexing for low income customers. I can easily envision a single  
11 mother coming home from her low paying job at 5 pm only to discover she has to  
12 come up with, not just \$50 she doesn't have, but \$175 that evening if she wants to  
13 be able to feed her children, have a light for them to do their homework, or keep  
14 minimal heat on in the winter.

15 As Ms. Coughlin testified, this charge pertains to customers who have  
16 previously had their service disconnected. The term "previously" here is  
17 ambiguous because it is unclear whether she means immediately previously as in  
18 just disconnected, or is referring to other times when this customer has been  
19 disconnected, making this, say, the second or third instance. Logic suggests that  
20 this particular customer population consists of a relatively greater percentage of  
21 low income customers because they have previously been disconnected,  
22 presumably for non-payment. My concern is centered around these customers.  
23 For example, for the working poor, especially single parents, it is simply not

1 feasible for most of them to be waiting at home in the middle of a workday  
2 waiting for the power company to show up. It seems that the costs to connect and  
3 reconnect customers are simply costs of doing business and to price them in such  
4 a heavily punitive fashion that mostly likely will impact those with the least  
5 financial resources is unfair, unreasonable and discriminatory. To place such a  
6 heavy price on those who have no choice but to connect after 4:00 in the  
7 afternoon seems particularly heavy-handed.

8 Q. Do you have other general objections to the proposed connection and  
9 reconnection charge increases?

10 A. Yes. I note that in a response to a data request (WUTC Data Request 9)  
11 submitted by the Commission Staff, the Company provided a table showing the  
12 amounts of its connection and reconnection charges during normal business  
13 hours, after hours and on weekends and holidays currently authorized in its other  
14 operating jurisdictions (California, Idaho, Oregon, Utah and Wyoming). The  
15 Company again was asked a series of questions regarding the information  
16 provided in response to WUTC Data Request No. 9 in the Energy Project's Data  
17 Request No. 48. (Exh.No. \_\_\_\_(CME-4). Based on the Company's responses to  
18 DR 48, it appears that the Company is proposing significantly higher charges in  
19 Washington than exist in literally all of its other operating jurisdictions. In at  
20 least one instance, the proposed Washington charges are roughly 600% greater  
21 than any of the Company's charges in its other operating jurisdictions. When  
22 asked to explain why the Company is seeking such dramatically higher charges in  
23 Washington, PacifiCorp's reply was that a request for charge increases is pending

1 in Wyoming and will be sought in the other jurisdictions at some future point in  
2 time.

3 Q. Do you have any final concerns regarding whether the proposed reconnection  
4 charge increase will have a disproportionate impact on low income customers?

5 A. In response to Energy Project Data Request No. 42 (Exh. No. \_\_ (CME-5), the  
6 Company noted that in 2013, a total of 3,806 customers were disconnected for  
7 non-payment. This equates to 3.6% of all residential customers. A total of 764 of  
8 these customers were low income, which equates to 20.1% of all disconnections  
9 for non-payment.

10 Q. Does any of the data you've received from the Company support your contention  
11 that reconnections are particularly costly to low income customers?

12 A. Yes. According to the Company's response to Energy Project DR 43 (Exh. No.  
13 (CME-6), all residential customers were billed a total of \$58,575 in reconnection  
14 charges during 2013 for reconnections performed during normal business hours.  
15 Low income customers were billed \$7,725.00 for business hour reconnections.  
16 This equates to 13.2% of the total reconnection charges billed to all residential  
17 customers. Obviously, this is far in excess of the 5.6% low income population  
18 relied upon by the Company in this case. Regarding after hours reconnections, all  
19 customers paid a total of \$13,100 during 2013. Low income customers paid  
20 \$1,350 which is 10.31% of all such charges paid. Once again, this is in excess of  
21 the 5.6% total residential population that low income customers purportedly  
22 represent.

23 Q. What do you perceive to be the overall relevance of the foregoing calculations?

1 A. The relevance is that, as I have contended elsewhere in my testimony, the impact  
2 of increasing reconnection charges can be particularly detrimental to a typical low  
3 income person. This is particularly true for those who cannot afford to leave  
4 work before 4:00 in the afternoon to avoid the significantly higher after-hours  
5 charges.

6 **C. Collection Cost Recovery Change**

7 Q. The Company has proposed a change in the manner in which it recovers costs  
8 incurred in pursuing collection of unpaid accounts. What is the Energy Project's  
9 general response to this proposal?

10 A. The Energy Project is, admittedly, a bit uncertain by what the Company  
11 realistically hopes to achieve on behalf of its customers by way of its proposal.  
12 The Company's sole stated rationale for the proposed change is that it will result  
13 in overall savings to the general body of ratepayers consistent with the principle  
14 of requiring those who cause costs to be incurred to pay those costs (i.e., "cost-  
15 causation"). While, in a vacuum, this principle may have appeal, the reality of  
16 PacifiCorp's proposal is that under the scenario, ratepayers on the whole will  
17 likely be relatively unaffected. The worst case and most likely scenario is that  
18 certain low income customers, however, will receive a devastating blow.

19 Q. Would you please summarize your understanding of the Company's current  
20 collection cost recovery mechanism?

21 A. Currently, PacifiCorp recovers all costs incurred in attempting to collect on  
22 unpaid accounts through an arrangement with collection agencies whereby  
23 accounts that reach a certain age are assigned to those agencies that then proceed

1 to recover the unpaid debt. Any and all monies received by the agencies are then  
2 submitted to the Company. The agencies then bill the Company's for whatever  
3 their contracted rate is (based on a percentage of money actually recovered from  
4 customers). The Company pays the agency the contracted compensation. Monies  
5 paid to collection agencies through this process (i.e., "collection costs") are then  
6 recovered from all of PacifiCorp's customers, not just the residential class, by  
7 embedding these costs in general rates.

8 Q. What changes is PacifiCorp proposing to the existing mechanism you've  
9 described?

10 A. The Company proposes to continue using collection agencies to pursue unpaid  
11 accounts in the same manner they currently do with the exception that they will  
12 add a certain amount to the unpaid account balance to supposedly equate to the  
13 full amount of their collection costs incurred in pursuing each individual  
14 customer. Thus, if a customer has an unpaid debt of \$500.00, the agency might  
15 seek to recover \$600.00. The agency would then keep the \$100.00 in fees and  
16 pay the unpaid account balance of \$500.00 to the Company. In the event that an  
17 amount of money less than the unpaid account balance is recovered by the  
18 agency, PacifiCorp proposes a form of sharing said monies between Company  
19 and agencies referred to as the "net remittance" procedure.

20 Q. The Company has claimed that its proposal will result in cost savings to the  
21 general body of ratepayers by making those customers who are responsible for the  
22 costs to pay them in their entirety. What is your understanding of how this will  
23 occur?

1 A. Though PacifiCorp's proposal and supporting calculations have raised numerous  
2 questions, the Company is claiming that by recovering collection costs directly  
3 and exclusively from individual ratepayers with bad debt over a sufficient period  
4 of time, there will be less collection costs to recover from the remainder of  
5 customers, resulting in a lower cost recovery amount embedded in general rates.  
6 Presumably, this would only occur in the course of future general rate cases when  
7 the appropriate amount of collection costs is determined for inclusion into general  
8 rates.

9 Q. Do you see any practical problems with the Company's proposal?

10 A. Yes I do. The proposal seems based upon critical assumptions that have little to  
11 no factual support. The proposal also fails to consider the negative consequences  
12 that will most certainly result and fails to take into account the see-saw effect that  
13 the proposal will have on other Company expenses.

14 Q. Would you please elaborate?

15 A. First, there seems to be a blind faith assumption by the Company that the  
16 collection agencies will successfully recover not only the unpaid account balance,  
17 but all or most of their collection costs on top of that balance. To the extent that  
18 customers have unpaid account balances after extensive efforts by Company  
19 personnel to recover those monies, it seems an equally fair assumption that many,  
20 if not the majority, of customers with unpaid accounts simply lack the money to  
21 pay their debt. If they lack the amount to pay the existing account balance, it  
22 seems very likely that increasing that debt to recover collection costs will reduce  
23 the amount of money ultimately recovered by the Company, possibly eliminating



1 recovery entirely, thereby increasing the Company's bad debt expense which is  
2 paid for by all customers resulting in an offset to PacifiCorp's projected savings  
3 that very well might minimize or entirely offset the savings. Thus, the Company's  
4 assumption forming the foundation for its proposal, seems counterintuitive at best  
5 and is not based on any meaningful, corroborating facts.

6           The psychological impact of this scenario on customers should also not be  
7 overlooked. Increasing the debt is not likely to enhance the odds of its recovery.  
8 In fact, it might lessen them as customers essentially lose any hope they otherwise  
9 have of ever paying the debt off. For example, if an unpaid account balance is  
10 \$200 and collection costs are added to that amount but the customer can only  
11 manage to pay \$200.00, the agency will accept the \$200, deduct its contracted  
12 rate, and pay the Company something less than the total unpaid account balance  
13 leaving the customer still in debt to the Company. The customer ends up feeling  
14 they should have put that \$200 to better use elsewhere. If this customer has been  
15 disconnected, but not paid in full, will they be denied reconnection? Will they be  
16 pushed to resort to the prior obligation rule? That could encourage them to pay  
17 still less.

18           In the end, if piling-on debt in this manner results in such outcomes, it's  
19 likely that less of the unpaid account balance will be recovered, possibly none of  
20 it. Unpaid debt, whether in the form of account balances or collection costs, is  
21 written-off as an expense and recovered from all ratepayers resulting in  
22 PacifiCorp's proposal potentially ending up in a circular fashion without any  
23 meaningful reduction in rates to the general body of ratepayers.

1 Q. In light of what you've discussed thus far, what is your response to PacifiCorp's  
2 claimed "savings" to general ratepayers as a result of the proposal?

3 A. I believe that the savings the Company claims will result from the proposal are  
4 overstated, and that adding more weight to an already over-burdened group of  
5 customers will not have the effect that the Company presumes will occur. In  
6 reality, the result will simply still result in, and ironically might increase, bad debt  
7 expense which is recovered from all customers anyway with little net benefit to  
8 them.

9 Q. Assuming, hypothetically, that the Company's presumed cost savings prove  
10 accurate, would such an occurrence alter your opinion as to the value, or lack  
11 thereof, of this proposal?

12 A. No. The Company focuses attention on total amounts of collection costs paid by  
13 ratepayers every year, without placing anything into context. For example, on  
14 page 9 of her testimony, Ms. Coughlin testified that the Company recovered  
15 \$370,833 from all customers during 2013. Exh. No. \_\_\_\_ (BAC-1t), p. 9. Ms.  
16 Coughlin further testified that in 2013, the Company paid \$80,884 for costs  
17 associated with the collection of unpaid debt on closed accounts in Washington.  
18 Although the Company obviously has more than just residential customers,  
19 assuming the \$80,844 is recovered only from that rate class (104,928 test year  
20 customers), this results in approximately \$0.77 recovered during the entire year  
21 from each residential customer. This amounts to roughly \$0.06 per customer each  
22 month. In reality, collection costs are recovered from all customers and on behalf  
23 of all customer classes (the residential class isn't the only class for whom

1 collection costs are incurred). If the total collection costs of \$80,833 was  
2 recovered from all customers, it would be even less per customer than 77 cents/yr.  
3 The question then becomes whether there are even any net savings that will  
4 actually result if the new collection policy is approved and whether the true net  
5 savings of such an inconsequential amount justify the downside of the Company's  
6 proposal.

7 Q. What is the downside of the Company's proposal as you put it?

8 A. The Energy Project's concern is the impact that this proposal will have on low  
9 income customers. Regardless of whether a customer is low income, or just  
10 above the threshold, the potential impact of requiring that customer to pay all of  
11 the collection costs attributable to their unpaid account can be result in a harsh  
12 financial blow.

13 Q. What is your position regarding the Company's claims that the direct recovery  
14 method for collection costs will not disproportionately affect the poor?

15 A. In support of this contention, Ms. Coughlin, on page 9 of her testimony, testifies  
16 that the proposed collection recovery method will not disproportionately affect  
17 low income customers. She provides a somewhat bewildering variety of statistics  
18 mixing numbers, percentages, and various groups of customers but, in my  
19 opinion, reaches a conclusion simply not supported by her own data.

20 Q. Can you provide an example of what you're describing?

21 A. Yes. On page 9 of her testimony, she provides the data I referred to and then  
22 concludes that: "[t]his data indicates the majority of collection agency  
23 assignments are not identified as low income and that the collection agency

1 recovers a very small percentage from low income accounts." Exh. No. \_\_\_\_  
2 (BAC-1T), p 9, lns.14-16. Considering that by Ms. Coughlin's own assumption  
3 that the low income population is only 5.6% of all residential customers, it is  
4 merely an obvious statement that the majority of debt assigned to collection  
5 agencies and collection costs recovered will come from customers other than low  
6 income. Yet, when one compares apples to apples, it becomes clear that low  
7 income customers are disproportionately affected in proportion to their  
8 population. Ms. Coughlin testifies that in 2013, \$370,833 was recovered from all  
9 residential accounts. She further testifies that \$30,830 was recovered from low  
10 income accounts. Because, for the purposes of Ms. Coughlin's analysis, low  
11 income customers are 5.6% of the total residential population, then low income  
12 customers should have only paid 5.6% of the total dollars recovered through  
13 collection if they truly are proportionately affected by the collection process.  
14 Simple math reveals, however, that  $5.6\% \text{ of } \$370,833 = \$20,767$ . In reality, the  
15 Company recovered \$30,833 from low income customers which is 8.3% of total  
16 dollars recovered, not 5.6%. And I suspect this under-reports the impact on low-  
17 income customers because there are most likely more low-income customers, who  
18 are not identified as low-income, paying into the \$370,833 of total debt recovered  
19 through collection.

20 Q. What is your response to PacifiCorp's claims that its proposed direct recovery  
21 collection cost mechanism will not reduce the amount recovered from past due  
22 balance accounts and that this is proven by the Company's results in the states of  
23 Wyoming and Utah?

1 A. First, I note that the Utah program was implemented recently and does not even  
2 have a full year's worth of data. Consequently, it is of little to no value for the  
3 purpose of judging whether PacifiCorp's projected cost savings will come to  
4 fruition in Washington.

5 Q. What about the Company's results from Wyoming?

6 A. PacifiCorp's responses to Energy Project Data Request No. 39 (Exh. No. \_\_\_\_  
7 (CME-8) contradicts the Company's own testimony. In referring to what the  
8 Company perceives to be a successful program in Wyoming, Ms.Coughlin  
9 testified that the Company has not experienced notable changes in the amount of  
10 debts recovered since the Company implemented a direct recovery mechanism in  
11 that state in 2008. In response to Energy Project Data Request No. 39,  
12 Attachment EP-1 (Exh. No. \_\_\_\_ (CME-9), however, Ms. Coughlin provided a  
13 table showing the amount of monies recovered through the Wyoming program  
14 from the years 2005-2012 including the total of net write-off of unpaid accounts  
15 for each of those years. Contrary to Ms. Coughlin's conclusions expressed in her  
16 testimony, there has been a distinct increase in bad debt write-offs since  
17 implementation of the direct recovery collection cost program in Wyoming. The  
18 net write-offs for each of the eight years is as follows: 2005: \$586,088; 2006:  
19 \$537,710; 2007: \$540,252; 2008: \$610,178; 2009: \$908,461; 2010: \$801,696;  
20 2011: \$736,593, and; 2012: \$663,657.

21 Q. What conclusions do you draw from this Company-provided data?

22 A. That contrary to the Company's claims, the dollar amount of bad debt write-off of  
23 unpaid accounts has been greater in every year since implementation of the direct

1 recovery method in 2008 than any of the years prior. For example, bad debt  
2 write-offs in 2009, the year after the direct recovery program was implemented,  
3 were nearly 70% greater than experienced in 2006 and nearly 50% greater than  
4 the year before (2008, when the program was implemented). Ms. Coughlin points  
5 to the fact that the bad debt write-offs have been decreasing since 2009, but there  
6 could be a number of other factors in the Wyoming economy that account for this.  
7 The only data currently on the record before this Commission clearly reveals that  
8 PacifiCorp's debt write-offs since implementation of the direct cost recovery  
9 method are significantly higher than before implementation.

10 Thus, the Energy Project suggests that the result of implementing the  
11 direct recovery method in this state will not result in energy savings but, rather, in  
12 increased bad debt expense which is recovered from all ratepayers just as  
13 collection costs currently, are rendering the proposal pointless from the outset. In  
14 short, the Company's projected savings in Washington are contradicted by the  
15 Company's own experiences and relevant data and present a very real risk of  
16 inflicting substantial harm on individual low-income ratepayers.

17 **D. Basic Monthly Charge Increase**

18 Q. What is the Energy Project's position with respect to the proposed increase in the  
19 basic monthly residential charge?

20 A. Although the Energy Project appreciates that the Company has proposed a lesser  
21 increase in the basic charge for those customers who receive benefits under the  
22 LIBA program (e.g., a \$1.00 increase compared to the \$6.25 increase proposed

1 for non-LIBA recipients), we still remain concerned about and oppose any  
2 increase to the basic charge.

3 Q. What is the basis for your concern and rationale for opposition?

4 A. The Energy Project generally opposes increases to the basic charge on the  
5 grounds that it diminishes a customer's ability to control his or her bill when their  
6 share of the revenue requirement is recovered through a fixed charge. In other  
7 words, no amount of energy conservation can decrease a fixed charge.

8 Furthermore, only a small proportion of the Company's low-income customers  
9 would see this benefit. We contend, as we did in the Company's last rate case,  
10 that more has to be done to identify the usage characteristics of the currently  
11 unidentified low-income customers before one can determine whether trading a  
12 higher basic charge for a lower volumetric charge is a boon or unfairly burdens  
13 them with higher costs.

14 Q. What then do you propose be done to the basic monthly charge?

15 A. The Energy Project submits that the basic charge not be increased for either LIBA  
16 recipients or any other residential customer.

#### 17 **IV. CONCLUSION**

18 Q. Would you please summarize your testimony?

19 A. Yes, and consistent with the outline of my testimony, I provide the following  
20 summation: 1) the Energy Project believes that PacifiCorp has properly  
21 implemented the annual adjustments to the Company's LIBA program and so long  
22 as the appropriate filings are timely made, the Energy Project supports  
23 PacifiCorp's proposal regarding LIBA. 2) I believe that the Company's proposed

1 changes to the applicability of its Rule 11D Field Visit charge is generally vague,  
2 unnecessarily open-ended and, in one respect, impossible to fully understand.

3 The Energy Project does not object to the imposition of a field visit charge where  
4 a customer behaves in a threatening or hostile manner. Neither does the Energy  
5 Project object to the requirement that the customer provide reasonable access to  
6 the electrical facilities and failure to do so should result in a field visit charge.

7 Regarding unsafe electrical facilities, the Energy Project proposes that the  
8 Company attempt to determine whether premises where this condition exists are  
9 owned or rented by the customer. If the latter, then the owner should be  
10 contacted, perhaps in collaboration with the tenant and, if necessary, the  
11 appropriate governmental authority should be contacted to remedy the situation.

12 Finally, the Energy Project proposes that the Company explain precisely what it is  
13 referring to regarding instances where a customer provides a receipt for payment.  
14 If doing so demonstrates that sufficient payment has been made to the account to  
15 avoid disconnection, then the customer should not be assessed a field visit charge.

16 Otherwise, the Company should better describe the situation it is referring to. 3)

17 The Energy Project opposes any increases to its connection and reconnection  
18 charges for the reasons already stated, including the fact that it would have a  
19 particularly detrimental impact on low income customers. 4) The Energy Project  
20 is absolutely opposed to the proposed change in the recovery of PacifiCorp's  
21 collection costs. This proposal seems certain to provide little if any benefits to  
22 customers yet carries with it the potential to inflict substantial harm by increasing  
23 the energy burden on customers who are low income or of very limited financial



1 means. There is no reason to believe that the claimed benefits will come close to  
2 offsetting, let alone outweighing the costs of this proposal. 5) Finally, the Energy  
3 Project opposes any increase to the monthly residential basic charge until such  
4 time as more thorough data is available and analyzed regarding the true number  
5 and nature of PacifiCorp's low income customers and their energy consumption.  
6 The Energy Project proposes that a case be initiated by the Commission for the  
7 purpose of developing a system for achieving enhanced knowledge about the  
8 Company's low income customers and their usage as described.

9 Q. Does this conclude your testimony?

10 A. Yes, it does.

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