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December 19, 2008

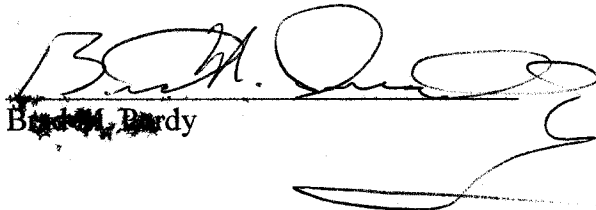
Ms. Jean Jewell  
Commission Secretary  
Idaho Public Utilities Commission  
372 W. Washington St.  
Boise, ID 83702

Case No. ~~08-0114~~-U-08-0114 Energy Affordability Comments

Ms. Jewell:

Included with this letter are an original and seven (7) copies of Community Action Partnership Association of Idaho's Reply Comments in the above-referenced proceeding, pursuant to the Commission's Order No. 30685.

Sincerely,

  
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**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

IN THE MATTER OF THE COMMISSION'S )  
INQUIRY ABOUT ENERGY AFFORDABILITY ) CASE GNR-U-08-01  
ISSUES AND WORKSHOPS )  
)  
) REPLY COMMENTS OF  
) COMMUNITY ACTION PART-  
) NERSHIP ASSOCIATION OF  
) IDAHO  
)  
)  
)

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COMES NOW, Community Action Partnership Association of Idaho (hereinafter  
"CAPAI") and, in reply to the Staff Comments filed in this case, hereby replies as follows.

**INTRODUCTION**

CAPAI lauds the Idaho Public Utilities Commission for implementing this case and highly commends the Commission Staff for its effort in creating a work product that contains an exhaustive discussion of a large number of issues, weighed in on by a considerable number and variety of stakeholders. CAPAI largely agrees with Staff's analysis of the issues and ultimate recommendations. In light of this, and in the interest of brevity and avoidance of repetition, CAPAI restricts its reply to those portions of Staff Comments where it has a unique or different perspective than Staff or feels that elaboration is in order. To the extent that CAPAI does not

specifically oppose, or propose modification to, any given proposal and recommendation contained in Staff's Comments, it may be construed that CAPAI is in agreement with Staff.

### **ENERGY AFFORDABILITY AND INABILITY TO PAY**

CAPAI strongly agrees with Staff's overall assessment of need and the lack of adequate resources to meet that need regarding energy affordability. CAPAI also notes that Staff witness Curtis Thaden provides a thoughtful analysis of this issue in the pending Idaho Power Company rate case (Case No. IPC-E-08-10). Although that testimony is obviously limited to the specifics of Idaho Power and its customers, it provides insight into the difficulties faced by low-income customers of all of Idaho's public utilities.

### **CURRENT ASSISTANCE PROGRAMS**

CAPAI believes that Staff has done a thorough job of outlining assistance programs currently in place and implemented by the various utilities. CAPAI interprets Staff's Comments to conclude that such programs are insufficient, however, to meet the need that exists, thus the need for this proceeding. CAPAI obviously agrees with such a conclusion.

#### **Low-Income Weatherization**

On page 7 of its Comments, Staff states that "households with incomes at 160% of the Federal Poverty Guidelines or less automatically qualify to receive federal weatherization services." CAPAI simply notes that, in recent years, this figure has only been 150%. The threshold was raised to 160% for program year 2009 with no assurance that it will not return to its previous level or even be reduced below 150%.

CAPAI further notes that it has taken the position in numerous proceedings before the Commission, supported by undisputed data, that there remains a substantial backlog of homes that qualify for low-income weatherization for utilities offering this type of program, such as

Idaho Power, PacifiCorp (dba, Rocky Mountain Power), and AVISTA. This is largely due to an insufficiency of adequate funding by the utilities.

CAPAI has also taken the undisputed position in numerous cases that low-income weatherization, when properly implemented and administered, is a cost-effective energy efficiency resource that is not being fully exploited. For instance, CAPAI notes that Idaho Power Vice-President John Ric Gale recently testified in Idaho Power's pending general rate case (Case No. IPC-E-08-10) that the Company's low-income weatherization program ("WAQC" – Weatherization Assistance for Qualified Customers) can be characterized as "low hanging fruit when it comes to addressing affordability." *Rebuttal Testimony of Ric Gale at p. 36.* Mr. Gale further states that a \$100 investment in WAQC "can return more than \$200 in present value customer benefits in future bill savings and over \$300 in system benefits because of the selection of a lower cost resource option." *Id. at pp. 36-37.*

CAPAI proposes an increase to Idaho Power's WAQC funding level in the current rate case. For its party, the Company is reticent to commit to any specific funding increase in the context of the rate case, but agrees to meet with CAPAI in the near future to discuss appropriate funding levels. Rocky Mountain Power also has a pending general rate case but the issue has not yet been fully addressed.

Finally, AVISTA agreed to increase low-income weatherization funding in its most recent general rate case. Though CAPAI appreciates AVISTA's increased participation in the program, and the numerous other programs implemented by AVISTA that address energy affordability, the fact remains that there remains a backlog of qualified homes for which adequate funding is unavailable for AVISTA, along with Idaho Power and Rocky Mountain Power.

Finally, as Teri Ottens testified on behalf of CAPAI in Case No. IPC-E-08-10, “currently only 10% of homes receiving a LIHEAP benefit are weatherized.” *Direct Testimony of Teri Ottens at p. 6.* CAPAI recognizes and appreciates the willingness of AVISTA, Idaho Power and Rocky Mountain Power to engage in low-income weatherization and occasionally review funding levels but encourages those utilities to continue to ramp up funding to address the backlog of low-income households in need of weatherization. For those electric and gas utilities who do not have a low-income weatherization program, CAPAI urges those utilities to implement such a program.

## **PROPOSALS TO ADDRESS ENERGY AFFORDABILITY**

### **Bill Payment Assistance**

#### **Implement Utility Programs Designed to Provide Financial Assistance**

CAPAI strongly agrees with Staff’s general recommendation that “[t]he LIRAP program would be beneficial for Idaho’s low-income utility customers.” *Staff Comments, p. 11.* Indeed, of all the identified proposals, CAPAI believes that bill payment assistance is the most effective and powerful means to address the disparity between need and resources proposed thus far in this case.

Though Staff favors a “LIRAP” type of assistance (*Staff Comments, pp. 11, 14-15*), there is any number of other mechanisms for providing bill payment assistance. AVISTA and Rocky Mountain Power currently offer varying bill payment assistance programs in other states in which they provide service. As Staff noted in its Comments, however, implementation of such a program would require changes to the Idaho Code as it currently exists. This is true regardless of whether bill payment assistance is achieved through a LIRAP program, discounted rates, or any other mechanism that provides assistance to low-income customers, as opposed to any other

segment of a public utility's customer base. Thus, CAPAI is proposing, for the 2009 legislative session, legislation that would remove existing, general statutory prohibitions against bill payment assistance programs.

Specifically, CAPAI's proposed legislation is an attempt to: 1) remove the current statutory prohibition against bill payment assistance programs, whether through a LIRAP, or other means, 2) make any such program voluntary on the part of the utilities and, 3) craft the legislation in a manner that provides the utilities with the greatest degree of latitude reasonable to design a program that best suits the particular needs of the utilities and their customers.

The current statutory regime (*See, Idaho Code Section 61-315*) prohibits the Commission and utilities from granting any "preference" or "advantage" in favor of any ratepayer with respect to "rates, charges, service, facilities or in any other respect." CAPAI's proposed legislation would specifically authorize public utilities to implement, and the Commission to authorize, low-income bill assistance programs. A copy of CAPAI's currently proposed legislation is attached hereto as Exhibit "A."

CAPAI's ultimate objective is to propose whatever statutory verbiage would most likely be acceptable to the greatest number of stakeholders in authorizing low-income bill payment assistance programs while achieving the objectives stated above. CAPAI continues to seek the input of all such stakeholders in crafting a final, proposed bill for legislative consideration.

Incidentally, it is fair to characterize the utilities' reaction, with the exception of AVISTA, to the concept of a LIRAP program or similar bill payment assistance measures as less than enthusiastic. CAPAI notes that in virtually every state surrounding Idaho, such bill payment assistance measures are specifically allowed by law, if not mandated. Both Rocky Mountain Power (and its parent corporation PacifiCorp) and AVISTA already offer bill assistance

programs in other states. No party to the workshop opposing bill payment assistance was able to adequately explain why Idaho should be the only state in the region making such programs or measures to be unlawful.

### **Increase Federal Funding for LIHEAP**

While CAPAI fully supports any effort to obtain additional federal LIHEAP funds for the State of Idaho, such an endeavor is speculative at best given the fact that all states compete for federal LIHEAP funds and given the current state of the economy and the possibility that current funding levels might even be decreased. CAPAI recommends that while the substance of this proposal is worthy, and supports it, it not be relied upon to the exclusion of other proposals more likely to come to fruition.

### **Create a State-Funded Financial Assistance Program**

This proposal involves an assistance program “funded by state tax revenues.” Though it shouldn’t be ruled out as a possibility, given the current economy and the Governor’s recent request that all state agencies trim their respective budgets in response to the current economic crisis, such a proposal is not likely to prove successful in the near future.

### **Bill Reduction**

#### **Reduced Rates for Low-Income Customers**

CAPAI reiterates its comments made regarding bill payment assistance through utility-funded programs. That is, whether bill payment assistance is achieved through a LIRAP, discounted rates, or any other means, a change to existing legislation is likely required. Though CAPAI’s recommendation is to give public utilities the authority to propose and implement whatever form of bill assistance that a utility deems best suits its needs and those of its

customers, CAPAI in no way proposes mandating discounted rates, as opposed to other forms of assistance.

CAPAI notes that Staff discusses a tiered discount rate design authorized in Washington state and, consistent with its general opposition to discounted rates, opposes such a tiered rate structure. CAPAI simply points out that Staff's Comments in this regard should not be confused as a disdain by Staff for tiered residential rates, that are not based on a customer's income. Indeed, as noted on page 20 of Staff's Comments, all utilities should consider tiered residential rates.

### **Low-Income Weatherization, Conservation Education, and Other Energy Efficiency Programs**

CAPAI's comments regarding low-income weatherization programs have already been set forth above. Regarding conservation education, most if not all of the public utilities participating in this case have some form and level of conservation education programs already in place. What CAPAI believes is missing are a conservation programs that specifically target low-income customers.

In its most recent rate case, AVISTA agreed to fund a program that would enable the CAP agencies to provide conservation education to customers who apply for LIHEAP. CAPAI believes there is a need for such programs due to the often overwhelming state of despair experienced by those who are struggling to provide for themselves and their families the most basic necessities of life and their inability to add something else to their plate. Providing these customers with information on how they can reduce their utility consumption with relative ease at little or no cost, particularly when they are meeting face to face with CAP employees during the LIHEAP application process, will very likely result in reduced utility consumption and cost.



In addition to obtaining AVISTA's agreement to fund this type of program, CAPAI made a similar proposal for Idaho Power in its pending rate case. Though the Company would not commit to funding as part of the rate case, it made the assurance that it would give the matter consideration as a result of this proceeding. CAPAI strongly urges Idaho Power, Rocky Mountain Power, and all other public utilities to acknowledge the benefits, both to low-income customers and to the overall system, of this type of program and to provide sufficient funding to the CAP agencies to implement it.

### **Design Rates to Encourage Energy Efficiency**

A tiered residential rate design allows for what could be considered a "lifeline" level of usage priced at a lower rate which not only allows low-income customers to consume the basic level of utility service needed to live a healthy existence, but also promotes energy efficiency, something that ultimately proves beneficial to all utility customers by lowering overall rates.

Incidentally, Idaho Power, in Case No. IPC-E-08-10, is currently proposing to increase the level of its two-tiered residential rates from a first block level of consumption from 300 kilowatt hours (kWh) to 600 kWh and to implement a two-tiered rate structure year around and should be commended for its proposal. For tiered rates to be effective in assisting customers to achieve energy affordability, however, the tier rate design must be structured so that low energy consumers have the possibility of limiting their consumption at or close to the upper limit of the first tier, thereby paying a lower overall rate. This serves the dual purpose of assisting low energy consumers and sending proper pricing signals regarding the cost of supplying gas and electricity.

For that reason, CAPAI and Staff have both proposed a higher consumption level for the first tier block than that proposed by the Company in the Idaho Power rate case. Staff has

actually proposed a three tier residential rate. CAPAI believes that both its and Staff's proposals, if adopted by the Commission, will benefit low-income customers. CAPAI is well aware that low-income customers often have higher consumption levels than would be expected due to poor housing stock and the prevalence of electric baseboard heating. That is why the first tier block level should be high enough to cover lifeline usage, but not so high as to price truly discretionary use at lower levels.

Though it is unclear to CAPAI precisely what the "lifeline" level of usage should be for rate design purposes, CAPAI believes that the highest of residential users are typically those with a commensurately high degree of discretionary consumption (e.g., large homes, hot tubs, recreational appliances, etc.). These customers should, to the greatest extent possible, be assessed with a higher energy rate which a tiered rate design, if structured properly, accomplishes. For those utilities who do not have tiered residential rates, CAPAI strongly urges the Commission to mandate said tiers.

### **PROPOSED ACTION**

The Notice of Workshops issued by the Commission in this case identifies six specific topics to be discussed and explored during the workshops conducted in this case. Those issues were, in fact, discussed during the workshops and addressed by Staff in its Comments. This still begs the question of what will be the final outcome of this proceeding.

The Notice of Workshop directs Staff to issue a final report to be provided to the Commission. It is not stated precisely what action the Commission intends to take once it receives Staff's final report. The Commission does state, however, that "[t]he objective is to identify new programs, policies, and/or legislation, procedures, and/or resources that could be

implemented to address energy affordability. To the extent possible, the costs and benefits of proposed solutions will be identified.” *Notice of Public Workshops at p. 1.*

What remains somewhat unclear to CAPAI is whether, at this juncture, Staff’s Comments specify the costs and benefits of proposed solutions and how those solutions could and/or should be implemented. Put directly, CAPAI questions whether all of the participants to the workshop, not just Staff, have given the Commission specific recommendations of what to do with the proposals resulting from the workshop and identified in the Comments.

Emphasis should be placed on quantifying costs and benefits for the Commission of all energy affordability proposals. Some cost/benefit data has already been provided to Staff by the workshop participants. Utilities are naturally best able to conduct such studies and make them available to the Commission and all stakeholders. One example is data supplied by Idaho Power Company during this proceeding regarding the benefits that accrue from investment in the Company’s low-income weatherization program (“WAQC”). CAPAI recognizes that Idaho Power and Rocky Mountain Power have expressed a preference for investment in programs such as WAQC but urges the utilities to approach the other proposals made during this proceeding with an open mind in calculating system-wide benefits that inure from such programs and, in fact, conduct the appropriate cost/benefit analyses to determine said benefits in relation to costs.

Utilizing the adage that “good intentions without action are just thoughts” CAPAI urges not only Staff, but all parties, to expand upon examples of direct action that the Commission could take to address energy affordability. One example is to urge the Commission to actively promote legislation that would grant it, and public utilities, the ability to design and implement low-income, bill assistance programs.

As attached Exhibit A reveals, CAPAI is currently seeking an amendment to Idaho Code Section 61-315 to allow bill payment assistance. Coincidentally, the Commission is also seeking to amend Section 61-315 this legislative session, for unrelated reasons. Specifically, the Commission seeks the authority to set rates reflecting the costs of customer growth. Thus, the 2009 legislative session constitutes an opportune point in time to seek amendment of 61-315 for energy affordability purposes. Support from the Commission would be quite valuable.

As stated, CAPAI is currently proposing such legislation for the 2009 session and would greatly appreciate support from the Commission and all interested stakeholders in this endeavor. The upcoming session is imminent and time is of the essence. To the extent that the Commission, its Staff, or other persons prefer alternative statutory verbiage to that proposed by CAPAI, then CAPAI welcomes immediate input so that it can propose a bill to the legislature that has the greatest degree of support obtainable.

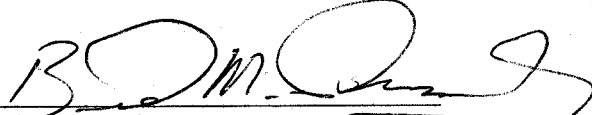
Another example of proposed action would be in cases where Staff has recommended studies or further discussion among the stakeholders to determine benefits, or conduct feasibility or cost-effectiveness studies of affordability proposals, that such further studies or discussion be identified with clarity and made mandatory by the Commission, where it possesses the legal authority to do so.

### **CONCLUSION**

There are numerous other mechanisms for addressing the issue of energy affordability contained in Staff's comments than those addressed in this Reply. CAPAI supports Staff's recommendations regarding all such mechanisms. Regarding bill payment assistance, CAPAI stresses that this, if authorized by the Idaho legislature, would be the single most effective means of addressing energy affordability.

Regarding the other proposals contained in Staff's Comments. The Commission possesses the legal authority to mandate consideration or implementation of these proposals in certain cases and CAPAI respectfully suggest that the Commission issue said mandate. In cases where such legal authority does not exist, CAPAI urges the Commission to, in turn, urge the utilities to consider the proposal in question.

DATED, this 19<sup>th</sup> day of December, 2008.



Brad M. Purdy  
Attorney for Community Action Partnership  
Association of Idaho

IN THE HOUSE OF REPRESENTATIVES

\_\_\_\_\_ BILL NO. \_\_\_\_\_

BY \_\_\_\_\_

AN ACT

RELATING TO THE PUBLIC UTILITY REGULATION; AMENDING SECTION 61-315, TO PROVIDE FOR LOW-INCOME BILL PAYMENT ASSISTANCE TO PUBLIC UTILITY CUSTOMERS.

Be it enacted by the Legislature of the State of Idaho:

Section 1. That Chapter 3, Title 61, of the Idaho Code be, and the same is hereby amended to read, as follows:

61-315-DISCRIMINATION AND PREFERENCE PROHIBITED. 1. No public utility shall, as to rates, charges, service, facilities or in any other respect, make or grant any preference or advantage to any corporation or person or subject any corporation or person to any prejudice or disadvantage. No public utility shall establish or maintain any unreasonable difference as to rates, charges, service, facilities or in any other respect, either as between localities or as between classes of service. 2. The commission may authorize a public utility providing electric and/or natural gas service, upon application of the utility, to include in rates of the utility, amounts for the purpose of generating funds to be used for bill payment assistance, or other programs, to low-income residential customers of the utility. 3. The commission shall have the power to determine any question of fact arising under this section.

## STATEMENT OF PURPOSE

RS \_\_\_\_\_

This bill gives authority to the Public Utilities Commission to approve low-income programs that gas and electric utilities may propose to assist these customers. Almost all of such Idaho utilities are able to offer similar services in other states that they provide services in and have not had the option to voluntarily promote such programs in Idaho.

This legislation will not mandate any low-income programs upon utilities but will give those utilities the option of approaching the Public Utilities Commission with programs that they wish to voluntarily implement. Any such proposals would then be subject to the rate filing procedures as required by law and the Public Utilities Commission. This provides flexibility for utilities to design programs that benefit both their customers and their company.

## FISCAL NOTE

This bill is revenue neutral to the state, but might have an impact on gas and electrical ratepayers if programs are implemented. Any program approval and rate design, however, would be subject to the filing procedures as required by law and the Public Utilities Commission.

The economic impact on the state will be positive overall. In addition to assisting the poor, low-income assistance programs offer "system-wide" benefits to the utility and other ratepayers. By helping customers to pay their bills, a utility with a low-income assistance program authorized by this amendment will experience fewer disconnections, reconnections, bad debt, and other expenses.