

HOUSE BILL REPORT

HB 1459

As Reported By House Committee On:
Technology, Telecommunications & Energy

Title: An act relating to reduced rate utility services for low-income citizens.

Brief Description: Allowing reduced rate utility service for low-income citizens.

Sponsors: Representatives Poulsen, Crouse, Reardon, Ruderman, Cooper, Wolfe, Kastama, Constantine, Murray, Rockefeller, Dickerson, Lantz, Kenney, McIntire, Lovick, Wood and Edmonds.

Brief History:

Committee Activity:

Technology, Telecommunications & Energy: 2/12/99, 2/18/99 [DPA].

Brief Summary of Bill

- Investor owned electrical and gas companies may offer rate, charge, service and facility discounts to low-income senior customers and other low-income customers.
- The Washington Utilities and Transportation Commission must approve such discounts.
- The cost of providing such discounts will be recovered in rates paid by other customers.

HOUSE COMMITTEE ON TECHNOLOGY, TELECOMMUNICATIONS & ENERGY

Majority Report: Do pass as amended. Signed by 13 members: Representatives Crouse, Republican Co-Chair; Poulsen, Democratic Co-Chair; DeBolt, Republican Vice Chair; Ruderman, Democratic Vice Chair; Bush; Cooper; Kastama; McDonald; Mielke; Morris; Reardon; Thomas and Wolfe.

Staff: Anntonnette Alberti (786-7117).

Background:

In 1998, the Legislature authorized municipal utilities and public utility districts to offer rate discounts to low-income utility customers. Prior to 1998, low-income rate discounts from consumer-owned utilities were authorized only for low-income senior citizens or disabled persons.

Low-income rate discounts may be offered at the discretion of the utility, so long as they are uniformly available to all eligible low-income customers served by the utility. Participating local governments may define the income eligibility standards through an appropriate ordinance or resolution of their governing bodies. Participating public utility districts must apply the same income eligibility standards that are used in qualifying customers for low-income residential weatherization services, which is a household income that is at or below 125 percent of the federally established poverty level.

Some ambiguity exists in current law as to whether investor-owned utilities may offer similar low-income rate discounts under their regulatory requirements. Private utilities that are regulated by the Washington Utilities and Transportation Commission (WUTC), including gas companies, electrical companies, and water companies are prohibited from offering free or reduced rates except to "indigent and destitute persons" (among others). No definition of "indigent and destitute persons" is provided, and no tariffs are currently in place offering such discounts. Gas, electric and water companies must charge "just, fair, reasonable, and sufficient" prices for the services they provide.

Additionally, gas, electric and water companies may not grant any undue or unreasonable privilege or advantage to any person or provide or price services in a discriminatory manner except as allowed by law.

Summary of Amended Bill:

Investor-owned gas and electric companies may, upon approval by the WUTC, provide discounts in rates, charges, provision of services, and provision of physical facilities to low-income senior customers and low-income customers. An example of provision of physical facilities is the conversion of a heating system from electric power to natural gas. Expenses and lost revenues resulting from these discounts will be recovered in the rates paid by other customers.

Amended Bill Compared to Original Bill:

The amended bill: (1) clarifies that discounted rates are to be approved by the WUTC upon request by an electrical or gas company; (2) removes water companies from the type of investor owned utilities that can offer these kinds of discounts; (3) clarifies that discounts for costs associated with a change in service or physical facility are

permissible; (4) removes codified definitions of "low-income senior citizen" and "low-income citizen;" and (5) clarifies that the costs associated with providing these discounts are to be recovered in the rates paid by other customers rather than through the profits of the company.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date of Amended Bill: Ninety days after adjournment of session in which bill is passed.

Testimony For: (Original bill) Similar legislation giving public utility districts the ability to offer discounted rates stretched federal energy assistance dollars so that more needy people received help. This bill is necessary because Washington state is receiving declining federal assistance for low income energy assistance. Public utility districts have found that by offering low income customers discounted rates the number of unpaid bills has declined, leading to savings in resources formerly dedicated to collections, disconnects, and reconnects for the utilities. These savings help offset the costs of the discounts so that there may be little or no impact to shareholders or in rates paid by other consumers.

Testimony Against: (Original bill) The original bill contains technical flaws. It does not clearly comport with general tariff procedures for rate setting. Additionally, it limits discounts to rate discounts and does not clearly allow discounts for conversion to more efficient energy sources, which may be even more useful to low income households than rate discounts. The bill as written will require the shareholders to pay for discounts out of corporate profits, whereas consumer owned utilities and public utility districts pass the cost of discounts through to other rate payers. The definition of low income senior citizen is unclear. Investor-owned utilities should not be constrained by codified definitions of who is eligible for a rate discount.

Testified: (In support) Dini Duclos, South King County Multi-Service Center; Maureen Linehan, Snohomish County Human Services; Danielle Dixon, NW Energy Coalition; Majken Ryherd Kerra, Washington State Association of Community Action Agencies; Liz Klumpp and Will Graham, Washington Department of Community, Trade and Economic Development; and Chuck Eberdt, The Energy Project.

(Concerns) Collins Sprague, Avista Corporation.

(Against as written) Kathleen Collins, PacifiCorp.