

# SENATE BILL REPORT

## EHB 1459

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As Reported By Senate Committee On:  
Energy, Technology & Telecommunications, March 23, 1999

**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:** Energy, Technology & Telecommunications: 3/18/99, 3/23/99 [DP].

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### SENATE COMMITTEE ON ENERGY, TECHNOLOGY & TELECOMMUNICATIONS

**Majority Report:** Do pass.

Signed by Senators Brown, Chair; Goings, Vice Chair; Fairley and Fraser.

**Staff:** Andrea McNamara (786-7483)

**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, including gas and electrical companies, are generally prohibited from granting any undue or unreasonable privilege or advantage to any person or providing or pricing services in a discriminatory manner except as allowed by law. They are also specifically 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.

**Summary of Bill:** Upon the request of an electrical or gas company, the Washington Utilities and Transportation Commission may approve rates, charges, and services at a discount for low-income citizens.

The costs and lost revenues associated with offering such discounts must be included in a company's cost of service and recovered in rates to other customers.

**Appropriation:** None.

**Fiscal Note:** Not requested.

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

**Testimony For:** This bill will clarify the authority to investor-owned utilities to develop individualized low-income programs similar to the programs that municipal utilities and PUDs already offer. Good evidence is emerging from municipal and PUD programs that low-income discounts can save utilities money and provide important benefits to all ratepayers, not just low-income customers. This bill is a small but important step in mitigating the dramatic loss in federal funding for low-income energy assistance.

**Testimony with Concerns:** The bill is unclear as to whether benefits resulting from the discount programs would be shared with other ratepayers or retained exclusively by shareholders. The effect of sections 2-5 of the bill is ambiguous and may be interpreted to suggest that existing standards and requirements for evaluating rates would not apply to low-income discount programs.

**Testified:** PRO: Will Graham, KC Golden, CTED; Kathleen Collins, PacifiCorp; Collins Sprague, AVISTA Corporation; Susan Braukus, Puget Sound Energy; Danielle Wellieur, Lutheran Public Policy Office; CONCERNS: Teresa Osinski, WUTC.