

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO**

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IN THE MATTER OF ADVICE NO. 1835-  
ELECTRIC OF PUBLIC SERVICE  
COMPANY OF COLORADO TO REVISE  
ITS COLORADO P.U.C. NO. 8 - ELECTRIC  
TARIFF ELIMINATE THE CURRENTLY  
EFFECTIVE GENERAL RATE SCHEDULE  
ADJUSTMENTS (“GRSA”) AND GENERAL  
RATE SCHEDULE ADJUSTMENT --  
ENERGY (“GRSA-E”), AND PLACE INTO  
EFFECT REVISED BASE RATES AND  
OTHER AFFECTED CHARGES FOR ALL  
ELECTRIC RATE SCHEDULES IN THE  
COMPANY’S ELECTRIC TARIFF,  
INCLUDING UPDATED ELECTRIC  
AFFORDABILITY PROGRAM (“EAP”),  
LOAD METER, AND PRODUCTION METER  
CHARGES TO BECOME EFFECTIVE  
NOVEMBER 19, 2020.

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PROCEEDING NO. 20AL-0432E

**HEARING EXHIBIT NO. 704**  
**CROSS-ANSWER TESTIMONY OF**  
**MELISSA WHITED**  
  
**ON BEHALF OF**  
**ENERGY OUTREACH COLORADO**

April 7, 2021

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1     **I.    INTRODUCTION**

2     **Q     PLEASE STATE YOUR NAME, TITLE, AND EMPLOYER.**

3     A    My name is Melissa Whited. I am a Principal Associate at Synapse Energy  
4         Economics, located at 485 Massachusetts Avenue, Cambridge, MA 02139.

5     **Q     ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS CASE?**

6     A    I am testifying on behalf of Energy Outreach Colorado (EOC), an independent,  
7         non-profit organization in Colorado that works to help limited-income Coloradans  
8         afford home energy.

9     **Q     DID YOU SUBMIT ANSWER TESTIMONY IN THIS PROCEEDING?**

10    A    Yes, I submitted answer testimony on behalf of EOC.

11    **Q     WHAT IS THE PURPOSE OF YOUR CROSS-ANSWER TESTIMONY?**

12    A    In this cross-answer testimony, I highlight key areas of alignment between EOC,  
13         Southwest Energy Efficiency Project (SWEET), Office of Consumer Counsel  
14         (OCC), and Staff, demonstrating that there is meaningful agreement on several of  
15         the substantive policy issues before the Commission. I also address two specific  
16         matters raised by other parties – namely, Staff’s opposition to providing  
17         residential customers with rate choice.

18    **II.   SUMMARY AND CONCLUSIONS**

19    **Q     PLEASE SUMMARIZE YOUR PRIMARY CONCLUSIONS.**

20    A    My primary conclusions are provided below:

- 1           • EOC concurs with SWEEP that the current inclining block rate (IBR) is a  
2           cost-based, efficient, and well-performing rate.
- 3           • EOC also agrees with SWEEP that imposing two rate transitions on customers  
4           over a short period of time would result in needless confusion and take up  
5           resources that would better be used for educating customers about the new  
6           time-of-use rate, Modified RE-TOU.
- 7           • EOC, SWEEP, Staff, and OCC appear aligned in affirming that there is a  
8           statutory obligation to protect income-qualified customers from harmful rate  
9           changes.
- 10          • Staff's opposition to rate choice for residential customers is out-of-step with  
11          efforts across the country to empower ratepayers. Staff's desire to eliminate  
12          customer choice in the name of customer protection is misplaced and would  
13          instead harm the customers who are most vulnerable.

14 **Q       HAVE YOU MODIFIED ANY OF YOUR PRIMARY RECOMMENDATIONS**  
15 **IN YOUR CROSS-ANSWER TESTIMONY?**

16       A   No, I continue to recommend that:

- 17           1. Prior to the transition to TOU rates, the Company should maintain Schedule R  
18           as an inclining block rate, but also offer an optional flat rate alternative.
- 19           2. Following the transition to TOU rates, IBR should remain an opt out  
20           alternative to Schedule R-OO.

21   In addition, I also now recommend for the Commission's consideration the following:

- 22           3. Instead of reducing rate choice in the name of equity as Staff has  
23           recommended, efforts should be made to ensure that customers are properly  
24           educated and provided with resources that enable them to understand their rate
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1 options and choose the rate that best allows them to manage their electricity  
2 bills.

3 **III. IBR IS A COST-BASED, EFFICIENT, AND WELL-PERFORMING RATE**  
4 **THAT IS ALIGNED WITH STATE ENERGY POLICY GOALS.**

5 **Q HAVE OTHER PARTIES TESTIFIED ON THE MERITS OF IBR AS A**  
6 **RATE DESIGN?**

7 A Yes. In his Answer Testimony, SWEEP witness Justin Brant observes that IBR  
8 provides an effective price signal to reduce peak demand and reduce overall  
9 electricity consumption, while also helping to promote energy efficiency.<sup>1</sup> In  
10 support of his argument, Mr. Brant presents empirical evidence on the historical  
11 performance of IBR in Public Service Colorado's (PSCo's) territory, including  
12 the cost savings that it has delivered to residential customers. Specifically, Mr.  
13 Brant notes that between 2010 and 2012, PSCo found that IBR reduced summer  
14 energy consumption by 1.9–4.3% and residential class coincident peak demand by  
15 1.4–3.3%. Further, Mr. Brant reports that SWEEP previously estimated the value  
16 of the three years of reduced energy consumption to be \$14.6 million, and that  
17 this value has only increased since 2012.<sup>2</sup>

18 **Q ARE THE ENERGY AND PEAK DEMAND SAVINGS PROMOTED BY IBR**  
19 **CONSISTENT WITH STATE ENERGY POLICY GOALS?**

20 A Yes. The Colorado legislature has continually recognized the importance of  
21 achieving energy and peak demand savings. For example, in 2017, Governor  
22 Hickenlooper signed into law HB 17-1227, which requires the Commission to  
23 establish utility energy and peak demand savings goals of at least 5% by 2028

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<sup>1</sup> Answer Testimony of SWEEP Witness Justin Brant, Proceeding No. 20AL-0432E, March 8, 2021  
("Brant Answer Testimony"), at 14.

<sup>2</sup> *Id.* at 14.

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1 relative to 2018 levels. As noted by Mr. Brant, IBR is an effective means of  
2 achieving energy and peak demand reductions.

3 **Q WHAT IS THE IMPLICATION OF MR. BRANT'S TESTIMONY**  
4 **REGARDING THE SAVINGS FROM IBR?**

5 A Mr. Brant's testimony lends support to EOC's conclusion that IBR will produce  
6 efficient outcomes and reduce costs on PSCo's system, thereby helping Colorado  
7 meet its energy policy goals.

8 **Q STAFF WITNESS NARDOS GHEBREGZIABHER NOTES THAT**  
9 **BENEFICIAL ELECTRIFICATION IS ALSO AN ENERGY POLICY**  
10 **GOAL.<sup>3</sup> IS IBR INCONSISTENT WITH THE GOAL OF BENEFICIAL**  
11 **ELECTRIFICATION?**

12 A No, because promoting beneficial electrification is not an either-or proposition.  
13 By offering both a flat rate option and IBR, customers who wish to invest in  
14 beneficial electrification technologies (such as electric vehicles) are encouraged to  
15 do so, while customers who desire to reduce their energy usage through  
16 conservation or energy efficiency are also rewarded for doing so.

17 In other words, offering multiple rate options can help Colorado achieve multiple  
18 energy policy goals simultaneously. It is a false dichotomy to suggest that the  
19 Commission must only choose to promote one energy policy goal by offering  
20 customers only one rate option.

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<sup>3</sup> Answer Testimony of Staff Witness Nardos Ghebregziabher, Proceeding No. 20AL-0432E, March 8, 2021, at 5.

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1 **IV. TRANSITIONING TO A FLAT RATE WOULD CAUSE CUSTOMER**  
2 **CONFUSION.**

3 **Q DO ANY PARTIES RAISE CONCERNS REGARDING THE PROPOSAL**  
4 **TO TRANSITION CUSTOMERS TO A DIFFERENT RATE PRIOR TO**  
5 **THE TRANSITION TO TOU?**

6 A Yes. SWEEP witness Justin Brant expresses concern that transitioning customers  
7 on Schedule R to a flat rate in advance of their later migration to Modified RE-  
8 TOU “runs the risk of confusing customers and is overly complicated.”<sup>4</sup> Mr.  
9 Brant further notes that moving customers from IBR to flat rates “will require  
10 significant education and outreach to customers,” and will “take educational  
11 resources away from the broader transition to TOU rates.”<sup>5</sup>

12 **Q DO YOU AGREE WITH SWEEP THAT TWO RATE TRANSITIONS WILL**  
13 **CAUSE CUSTOMER CONFUSION?**

14 A Yes. I agree with Mr. Brant that two significant rate transitions – possibly within a  
15 seven-month period – risks causing customer confusion. Further, available  
16 resources would be better spent on educating customers regarding the transition to  
17 TOU rates, rather than about yet another rate that customers would temporarily be  
18 enrolled in.

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<sup>4</sup> Brant Answer Testimony at 15.

<sup>5</sup> *Ibid.*

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1 **V. PROTECTION OF INCOME-QUALIFIED CUSTOMERS IS**  
2 **IMPERATIVE.**

3 **Q HAVE OTHER PARTIES RECOGNIZED THE IMPERATIVE OF**  
4 **PROTECTING INCOME-QUALIFIED CUSTOMERS FROM HARMFUL**  
5 **RATE CHANGES?**

6 A Yes, both SWEEP and Staff note the importance of protecting income-qualified  
7 customers. SWEEP witness Justin Brant explains that equity must factor into the  
8 rate design calculus in Colorado and explains how IBR provides a benefit to  
9 customers with relatively lower summer usage – including many lower income  
10 customers.<sup>6</sup> Staff witness Eric Haglund acknowledges that SB 20-030 mandates  
11 that the Commission “grant a ‘reasonable preference or advantage’ in rates” to  
12 low-income customers.<sup>7</sup>

13 In addition, OCC witness Scott England provided compelling testimony concerning  
14 the disproportionate impacts of the COVID-19 pandemic on lower income  
15 households and people of color, as well as a proposal to consider an income-  
16 qualified specific rate that is more beneficial for this subset of customers in the  
17 future.<sup>8</sup> This testimony makes clear OCC also supports protecting income-qualified  
18 customers from harmful rate impacts.

19 **Q WHAT DOES THIS CONSENSUS ON THE PROTECTION OF INCOME-**  
20 **QUALIFIED CUSTOMERS IMPLY FOR RATE DESIGN?**

21 A This recognition of the imperative of protecting income-qualified customers in  
22 rate design provides further justification for maintaining IBR as a rate option,  
23 since eliminating IBR would disproportionately harm income-qualified

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<sup>6</sup> Brant Answer Testimony at 14.

<sup>7</sup> Answer Testimony of Staff Witness Eric Haglund, Proceeding No. 20AL-0432E, March 8, 2021 (“Haglund Answer Testimony”), at 10.

<sup>8</sup> Answer Testimony of OCC Witness Dr. Scott England, Proceeding No. 20AL-0432E, March 8, 2021 (“England Answer Testimony”), at 14-20, 30, 32-33.

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1 customers, as I demonstrated in my Answer Testimony. The testimonies provided  
2 by Mr. Brant, Mr. Haglund, and Dr. England therefore buttress the case for  
3 continuing IBR as a residential rate option.

4 **VI. PROVIDING RATE CHOICE IS IN THE PUBLIC INTEREST.**

5 **Q PLEASE SUMMARIZE STAFF’S OPPOSITION TO IBR AS AN OPTION**  
6 **FOR PSCO’S RESIDENTIAL RATEPAYERS.**

7 A Staff’s main argument for discontinuing IBR does not appear to hinge on whether  
8 IBR is a cost-based and efficient rate, or whether maintaining IBR could help to  
9 protect income-qualified customers from adverse impacts. Rather, Staff appears to  
10 generally oppose providing rate options to residential customers.

11 **Q WHY DOES STAFF OPPOSE RATE CHOICE FOR PSCO’S**  
12 **RESIDENTIAL CUSTOMERS?**

13 A Staff witness Eric Haglund provides several reasons for opposing residential  
14 customer rate choice. He argues that providing rate choice may create equity  
15 issues for customers and may also interfere with revenue neutrality for the  
16 Company.

17 On the issue of equity in rate choice, Mr. Haglund observes that “rates will be  
18 more or less advantageous to customers based on their idiosyncratic usage  
19 characteristics,”<sup>9</sup> and certain customers are likely to be better able to opt onto  
20 their most advantageous rate. Further, Mr. Haglund claims that greater rate  
21 optionality “is likely to favor ratepayers who have the time, information, or  
22 resources to ascertain which rate is more advantageous for them,” or the ability to  
23 afford technologies such as rooftop solar, home batteries, or electric vehicles that

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<sup>9</sup> Haglund Answer Testimony at 11.

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1 allow these customers to “manage their consumption in ways that other ratepayers  
2 will not.”<sup>10</sup>

3 **Q DO YOU SHARE MR. HAGLUND’S CONCERNS THAT RATES WILL BE**  
4 **MORE OR LESS ADVANTAGEOUS TO CUSTOMERS BASED ON THEIR**  
5 **IDIOSYNCRATIC USAGE CHARACTERISTICS?**

6 A No. The customer sorting that Mr. Haglund anticipates is not inherently bad, as it  
7 allows customers who impose lower costs on the system to opt onto rate  
8 schedules that reward such behavior (e.g., the TOU rate or the IBR rate), or to  
9 choose a rate that would encourage adoption of beneficial electrification  
10 technologies (e.g., the flat rate).

11 **Q DO YOU AGREE WITH MR. HAGLUND’S CONCERN THAT**  
12 **PROVIDING RATE OPTIONS IS LIKELY TO FAVOR RATEPAYERS**  
13 **WHO HAVE THE TIME, INFORMATION, OR RESOURCES TO**  
14 **ASCERTAIN WHICH RATE IS MORE ADVANTAGEOUS FOR THEM?**

15 A No. While customers do have different time, information, and resources available  
16 to choose their most advantageous rate, this disparity simply underscores the need  
17 to invest resources in customer education and outreach, such that all customers  
18 are empowered to better understand their rate options and manage their electricity  
19 bills. Forcing customers to remain on a rate that is not beneficial to them will not  
20 protect customers who have more limited means.

21 **Q DO YOU SHARE MR. HAGLUND’S CONCERN THAT PROVIDING RATE**  
22 **OPTIONS WILL FAVOR CUSTOMERS WITH TECHNOLOGIES TO**  
23 **MANAGE THEIR CONSUMPTION?**

24 A No, I do not. First, customers should be encouraged to manage their consumption  
25 through the adoption of technologies, whether these technologies are energy  
26 efficiency measures, solar PV, electric vehicles, or batteries. This is at the core of

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<sup>10</sup> *Id.*

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1 many efforts across the country to empower customers through modernizing rate  
2 options and facilitating the adoption of distributed energy resources. I noted  
3 several examples in my Answer Testimony.

4 Second, limiting rate options results in picking winners and losers. In this case,  
5 the winners would be those who would benefit the most from the TOU rate and  
6 flat rate, which includes customers with home batteries and electric vehicles,  
7 since these technologies enable customers to shift their usage to off-peak hours  
8 when electricity prices are lower. The losers, as I have demonstrated in my  
9 Answer Testimony, would be lower-usage customers, including many income  
10 qualified customers and those who have invested in energy efficiency measures.  
11 Thus, Mr. Haglund's equity concerns would in fact be worsened by reducing rate  
12 options.

13 **Q WOULD ALLOWING CUSTOMERS TO REMAIN ON IBR WORSEN**  
14 **EQUITY ISSUES?**

15 A No. As demonstrated in my answer testimony, IBR is a cost-based rate – even  
16 more cost-based than a flat rate. Allowing customers with lower usage (including  
17 many income-qualified customers, and even income-qualified customers aided by  
18 EOC to invest in weatherization and energy efficiency measures) to remain on  
19 IBR will *enhance* equity outcomes, since IBR is more cost-reflective than a flat  
20 rate. Further, given that income-qualified customers tend to have lower usage,  
21 maintaining IBR will promote protection of income-qualified customers.

22 **Q WILL ELIMINATING IBR AS A RESIDENTIAL RATE OPTION CREATE**  
23 **EQUITY ISSUES?**

24 A Yes. Again, as I indicated in my answer testimony, eliminating IBR is likely to  
25 result in disproportionately negative bill impacts to the Company's income-  
26 qualified residential customers, due to their propensity to have lower usage than  
27 average. I agree with Mr. Brant – concern for equity requires that PSCo's most

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1 vulnerable customers not be subjected to adverse rate changes.<sup>11</sup> EOC witness  
2 Andrew Bennett's answer testimony further explores important concepts of  
3 equity. Simply offering Schedule R-OO as a flat rate opt-out alternative does not  
4 provide sufficient protection to income-qualified customers, since income-  
5 qualified customers will be disproportionately negatively impacted if IBR is  
6 eliminated.

7 **Q DOES STAFF RAISE ANY OTHER CONCERNS ABOUT RATE CHOICE**  
8 **FOR RESIDENTIAL CUSTOMERS?**

9 A Yes, Staff suggests that providing rate options could result in either excessive or  
10 inadequate revenues for the Company.<sup>12</sup>

11 **Q DO YOU SHARE STAFF'S CONCERN ABOUT REVENUE ADEQUACY**  
12 **OR OVERCOLLECTION?**

13 A No. The Company is subject to revenue decoupling, which was first established in  
14 Proceeding No. 16A-0546E.<sup>13</sup> Decoupling ensures that the Company collects its  
15 allowed revenues – no more and no less. In other words, if the Company under- or  
16 over-collects revenues due to offering rate options, the decoupling provision will  
17 ensure that the Company retains only its allowed revenues.

18 **Q ARE THERE ANY OTHER REASONS WHY PROVIDING RATE OPTIONS**  
19 **IS IN THE PUBLIC INTEREST?**

20 Yes. As I discussed in Section III above, offering multiple rate options can help  
21 Colorado achieve multiple energy policy goals simultaneously. It is a false  
22 dichotomy to suggest that the Commission must only choose to promote one  
23 energy policy goal by offering customers only one rate option.

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<sup>11</sup> Brant Answer Testimony at 9.

<sup>12</sup> Haglund Answer Testimony at 12.

<sup>13</sup> Decision Addressing Exceptions to Decision No. R17-0337. Proceeding No. 16A-0546E.

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1 **Q DOES THIS CONCLUDE YOUR TESTIMONY?**

2 A Yes, it does.